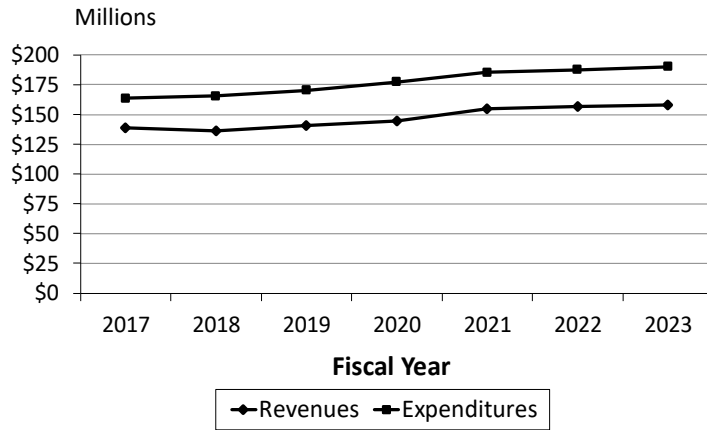


Three Year Forecast Revenues and Expenditures Special Revenue Fund



Fiscal Years 2020 through 2023 are estimated. Revenues exclude transfers from other funds.

SPECIAL REVENUE FUND

(Fund 11)

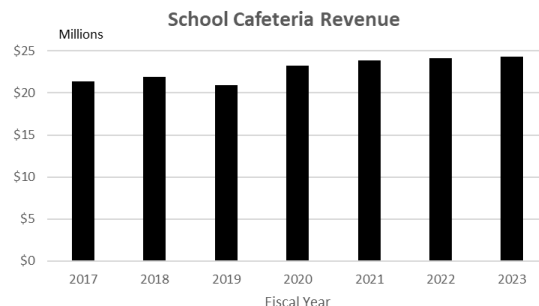
The Special Revenue Fund accounts for proceeds from revenue sources that legally restrict expenditures to specified purposes. Henrico County's Special Revenue Fund includes the Department of Public Utilities' Solid Waste and Street Lighting operations; Public Works' Watershed and Best Management Practices 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 expenditure budget for FY2020-21 is \$185,345,202, which represents an increase of \$7,827,534, or 4.4 percent, from the current fiscal year. The budget for State and Federal grants associated with Schools increased by \$6.0 million or 9.7 percent, based on anticipated expenditures. The budget for Solid Waste increased by \$687,688, or 4.7 percent, while the Mental Health budget increased by \$309,868, or 0.8 percent.

Social Services' budget increased by \$471,496 or 1.8 percent due to rising demand for services. The actuals and budget for the Schools portion of CSA expenses have been moved out of the Social Services category to reflect the separation of these expenses in the FY2020-21 approved budget.

Revenues

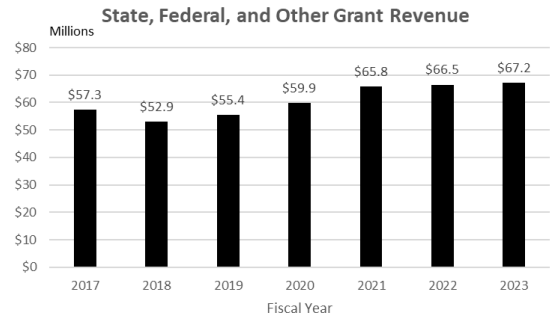
Assumptions

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 FY2020-21 are estimated at \$23,869,429 compared to \$23,236,967 in FY2019-20, which reflects a 2.7 percent increase. FY2021-22 and FY2022-23 revenue estimates of \$24,108,123 and \$24,349,205, respectively, reflect projected increases of 1.0 percent based on anticipated growth in cafeteria operations.



Fiscal Years 2020 through 2023 are estimated.

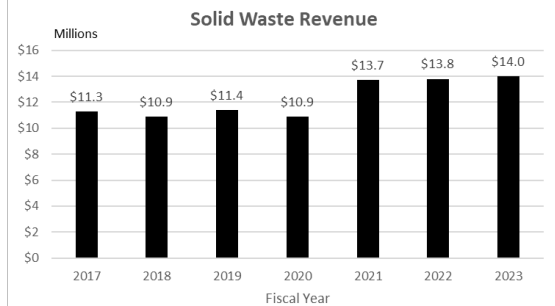
State, Federal and Other Grants revenue funds various programs, principally those related to Education, the Capital Region Workforce Partnership (CRWP), the Community Corrections Services Program (CCP), the Community Development Block Grant (CDBG), and the Virginia Juvenile Community Crime Control Act (VJCCCA). Grant funding for FY2020-21 totals \$65,840,007. It must be noted that in the 2020-21 budget, expenditure requirements in the Education portion of the Children’s Services Act (CSA) will be allocated in the Schools’ budget, whereas they have been previously recognized in the Social Services budget.



Fiscal years 2020-2023 are estimated. Revenues do not include transfers from other funds.

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. The forecasts for FY2021-22 and FY2022-23 each reflect annual increases in revenues of 1.0 percent.

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 General Fund subsidy was reduced from \$3,371,409 in the FY2019-20 approved budget to \$1,278,457 in the FY2020-21 approved budget. This decrease of 62.1 percent is part of the County’s effort to balance the budget in response to the COVID-19 pandemic. This will be accomplished through enhancing cost efficiencies, which will allow greater reliance on revenues generated within the Solid Waste operations. Minimal General Fund transfer increases of 3.0 percent are anticipated in FY2021-22 and FY2022-23.



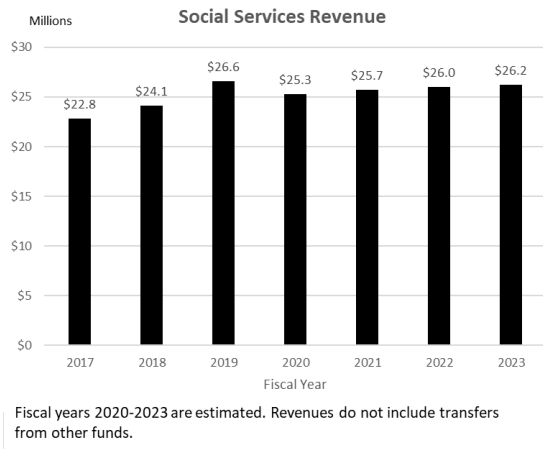
Fiscal years 2020-2023 are estimated. Revenues do not include transfers from other funds.

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 streetlight district. Street lighting revenue estimates throughout the forecast period support operating costs of existing streetlights. A sixth street lighting district, #63.1, has been established with a budget of \$1,000 for FY2020-21.

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 \$24,503,392 for FY2020-21. State and federal revenues are projected to be \$11,101,278 and the estimate for fee revenues is \$13,143,774. Mental Health grant reserve funding of \$700,000, and \$282,600 of contract revenues from Sheltered Employment, are also anticipated. Additionally, Henrico is budgeted to receive a total of \$252,681 of fee revenues from Charles City and New Kent counties. A 1.0 percent increase in Mental Health revenues is projected for both FY2021-22 and FY2022-23. 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, however, with the funding pressures on the State and federal governments caused by the COVID-19 pandemic, an extreme level of uncertainty exists.

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 FY2020-21, FY2021-22, and FY2022-23. 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 social service portion of the Children’s Services Act (CSA) is funded within this department. The Social Services revenues for FY2020-21 total \$26,578,678, of which \$7,671,665 is directed toward CSA and the remaining \$18,907,013 support all other Social Services efforts. A 1.0 percent increase in revenues is projected for both FY2021-22 and FY2022-23, based on anticipated increases in State and Federal funding.



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 FY2020-21, the transfer of \$29,897,172 includes the County’s contributions in support of the Community Corrections Programs, the Capital Region Workforce Partnership (CRWP), the Special Drug Prosecutor, the Virginia Juvenile Community Crime Control Act (VJCCCA), the State Victim/Witness Program, and the Special Revenue Fund Reserve. Additional transfers are distributed as follows: \$127,332 for Henrico County's portion of the regional Police Metro Aviation Unit; \$1,278,457 in support of Solid Waste programs; \$10,743,087 in local support of Social Services, which includes funding for the CSA; and \$15,935,376 for Mental Health. The total transfer from the General Fund is projected to increase to \$30,790,267 in FY2021-22 and \$31,710,155 in FY2022-23.

(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.

(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 budget for FY2020-21 anticipates the use of \$478,764 from the Solid Waste Fund balance. The forecast for FY2021-22 and FY2022-23 reflects further reductions to the fund balance.

Expenditures

Assumptions

The development of the FY2020-21 Special Revenue Fund budget assumes recurring revenues will support

recurring expenditures in future years. Special Revenue Fund resources and requirements for FY2021-22 and FY2022-23 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 FY2019-20 through FY2022-23. 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 18-19 Actual	FY 19-20 Original	FY20-21 Forecast	FY21-22 Forecast	FY22-23 Forecast
Revenues:					
School Cafeteria	\$ 20,856,614	\$ 23,236,967	\$ 23,869,429	\$ 24,108,123	\$ 24,349,205
State, Federal & Other Grants	55,350,120	59,851,978	65,840,007	66,498,407	67,163,391
Asset Forfeitures	326,268	0	0	0	0
Donations	75,678	0	0	0	0
Revenue from Local Sources	260,052	0	0	0	0
Solid Waste	11,402,418	10,942,550	13,685,000	13,821,850	13,960,069
Street Lighting	86,536	83,100	84,100	84,100	84,100
Mental Health	24,838,551	23,836,411	24,503,392	24,748,426	24,995,910
Metro Aviation/Extradition	726,467	334,668	359,668	359,668	359,668
Social Services & CSA	26,578,678	25,264,435	25,730,670	25,987,977	26,247,856
Watershed/Best Management Practices	276,143	897,000	897,000	897,000	897,000
Subtotal Revenues	<u>\$140,777,525</u>	<u>\$144,447,109</u>	<u>\$154,969,266</u>	<u>\$156,505,551</u>	<u>\$158,057,199</u>
From General Fund:					
State, Federal & Other Grants	\$ 1,558,317	\$ 1,841,140	\$ 1,812,920	\$ 1,867,308	\$ 1,923,327
Mental Health	14,585,198	16,292,489	15,935,376	16,413,437	16,905,840
Metro Aviation	80,365	127,332	127,332	127,332	127,332
Social Services	10,946,764	10,997,615	6,860,580	7,066,397	7,278,389
CSA - Education	0	0	3,882,507	3,998,982	4,118,952
Solid Waste	3,018,511	3,371,409	1,278,457	1,316,811	1,356,315
Subtotal From General Fund	<u>\$ 30,189,155</u>	<u>\$ 32,629,985</u>	<u>\$ 29,897,172</u>	<u>\$ 30,790,267</u>	<u>\$ 31,710,155</u>
(To) Capital Projects Fund for Solid Waste	0	0	0	0	0
(To) Capital Projects Fund for Mental Health	0	0	0	0	0
(To) From Mental Health Fund Balance	0	0	0	0	0
(To) From School Cafeteria Fund Balance	2,087	0	0	0	0
(To) From Solid Waste Fund Balance	(448,050)	440,574	478,764	457,983	436,226
(To) From Street Light Fund Balance	(22,204)	0	0	0	0
Total Resources	<u><u>\$170,498,513</u></u>	<u><u>\$177,517,668</u></u>	<u><u>\$185,345,202</u></u>	<u><u>\$187,753,801</u></u>	<u><u>\$190,203,580</u></u>
Expenditures:					
School Cafeteria	\$ 20,858,701	\$ 23,236,967	\$ 23,869,429	\$ 24,108,123	\$ 24,349,205
School CSA	11,828,780	9,716,364	10,399,567	10,919,545	11,465,523
State, Federal & Other Grants	57,010,383	61,693,118	71,535,434	68,365,715	69,086,718
Economic Development Authority	560,052	0	0	0	0
Solid Waste	13,972,879	14,754,533	15,442,221	15,596,643	15,752,610
Street Lighting	64,332	83,100	84,100	84,100	84,100
Mental Health	39,423,749	40,128,900	40,438,768	41,161,863	41,901,751
Metro Aviation/Extradition	806,832	462,000	487,000	487,000	487,000
Social Services	25,696,662	26,545,686	22,191,683	26,133,811	26,179,674
Watershed/Best Management Practices	276,143	897,000	897,000	897,000	897,000
Total Expenditures	<u><u>\$170,498,513</u></u>	<u><u>\$177,517,668</u></u>	<u><u>\$185,345,202</u></u>	<u><u>\$187,753,801</u></u>	<u><u>\$190,203,580</u></u>
Ending Special Revenue Fund Balance:					
Schools	\$ 12,342,198	\$ 12,342,198	\$ 12,342,198	\$ 12,342,198	\$ 12,342,198
State, Federal & Other Grants, Forfeitures *	25,136,687	0	0	0	0
Economic Development Authority **	0	0	0	0	0
Solid Waste	23,140,402	22,699,828	22,221,064	21,763,082	21,326,855
Street Lighting	767,228	767,228	767,228	767,228	767,228
Total Fund Balance	<u><u>\$ 61,386,515</u></u>	<u><u>\$ 35,809,254</u></u>	<u><u>\$ 35,330,490</u></u>	<u><u>\$ 34,872,508</u></u>	<u><u>\$ 34,436,281</u></u>

* Forecast assumes miscellaneous grant appropriations will be spent by 6/30/20. Any unspent appropriations will be carried forward into FY2020-21.