

GENERAL FUND: THREE YEAR FORECAST REVENUES AND EXPENDITURES

DESCRIPTION

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.)

REVENUE ASSUMPTIONS

- Local Tax Revenue represents Henrico County's principal source of local revenue.
- Real Property Taxes are estimated to generate \$425 million, or 34.87%, of the County's total General Fund revenue in FY23.
 - The FY23 budget is balanced within the tax rate of \$0.85 per \$100 of assessed value for CY22.
 - Assessment information for January 2022 indicates real estate assessments total \$49.56 billion, reflecting an increase of approximately \$5.44 billion, or 12.3%, from the January 2021 assessed values.
 - The increase was driven by reassessments with a residential growth of 11.6% and commercial growth of 14.0%.
 - 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 FY24 and FY25 projections assume increases to the County's real property tax collections of 7.23% and 5.17%, respectively.
- Personal Property Taxes are levied on the tangible property of individuals and businesses.
 - Approved personal property tax rates can be seen in Appendix D of this document.
 - Personal Property Tax revenue is estimated at \$139.1 million for FY23.
 - This revenue includes taxes from current personal property, taxes on personal property owned by public service corporations, and Personal Property Tax Relief Act.
 - It is projected that Personal Property Tax receipts will increase by 0.0% in FY24 and 2.34% in FY25.
- 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.
 - This projection only includes the 1% of local sales tax that is remitted to Henrico County.
 - Local Sales Tax revenue is projected to generate \$80.25 million in FY23, an increase of \$10.25 million, or 14.64%, from the current fiscal year budget.
 - Local Sales Tax revenues are projected to increase by 3.43% in FY24 and 3.0% in FY25.
- Business & Professional License (BPOL) Taxes are levied on businesses operating in the County.
 - For Henrico County businesses, the first \$500,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts.
 - The FY23 budget maintains a maximum uniform BPOL tax rate of \$0.20/\$100 of gross receipts for all business categories.
 - The FY24 and FY25 forecast estimates BPOL tax receipts will increase to a level of \$42.0 million and \$45.0 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 \$100,000 during the forecast period.
- Consumer Utility Taxes are estimated to be \$2.75 million in FY23, remaining constant in FY24 and FY25.

- Hotel/Motel Taxes under the Code of Virginia are defined as “transient occupancy taxes.”
 - The Hotel/Motel Tax rate in the Richmond Metropolitan Area is 8.0%, 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% component for tourism expenses will be returned from the GRCCA.
 - FY23 revenue estimates for the Hotel/Motel Tax total \$14.0 million.
 - It is anticipated that revenues will increase by 75% in FY23 as visitors return to Henrico County and 7.14% in FY24 & FY25.
- Meals Tax revenue will be earmarked for School’s operating, capital, and debt service needs.
 - The FY23 forecast is \$28.0 million driven by improvements to conditions for local businesses still coping with impacts of the recent public health emergency, this revenue is projected to stay at \$28.0 million in FY24, rising to \$33.0 million in FY25 to cover debt service for schools’ 2022 projects.
- Bank Franchise Taxes are derived from the taxation of net capital on banks located in the County. In FY23 Bank Franchise Taxes are estimated at \$15.0 million and will remain flat during the projection period.
- Other Local Taxes include funds received for grantor’s taxes, recordation taxes, daily rental tax, and the consumption tax.
 - It is projected that Other Local Taxes will remain stagnant across FY23-FY25 at \$7.56 million.
- Permits, Fees and Licenses include structure and equipment permits, municipal library fees, zoning application fees, charges for the rental of school facilities, and dog licenses.
 - In FY23, Building Permit Fees are estimated to remain flat at \$6.75 million. The forecast for Permits, Fees and License revenues are projected to increase to \$7.0 million in FY24 and \$7.25 million FY25.
- Fines and Forfeitures include revenue for traffic and parking violations, false alarm fees and courthouse maintenance fees.
 - This category is estimated at \$2.09 million for FY23 and is projected to grow to \$2.10 million for FY24 and remain flat in FY25.
- Use of Money and Property includes receipts from the sale of County property and interest on County investments.
 - This is estimated to generate \$2.38 million in FY23 and to increase to \$2.50 million in FY24 and remain flat in FY25. This estimate is down significantly from prior year estimates due to continuing economic conditions.
- 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, and charges for data processing services.
 - Revenue from Charges for Services is estimated at \$3.75 million in FY23 and is projected to increase 1.29% in FY24 and 2.63% in FY25.
- Miscellaneous Revenue is estimated at \$8.07 million in FY23, rising 1.02% to \$8.15 million in FY24 and 1.23% to \$8.25 million in FY25.
- State and Federal revenue is estimated at \$422.33 million in FY23, which represents 35.0% of total General Fund revenue.
 - This is a projected increase of approximately 7.18% over the current fiscal year.
- State and Federal Aid to Education is expected to increase from \$299.50 million projected in FY22 to \$324.98 million in FY23.
 - The projection assumes an increase of 5.24% in FY24 and 4.01% in FY25.
- 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.
 - State and Federal Aid to General Government is estimated at \$97.35 million in FY23.
 - These are projected to increase 2.72% in FY24 and 4.0% in FY25.
- This forecast projects no Federal Aid to General Government in FY23 as all budgeted sources of Federal Aid are included in the Special Revenue Fund.

EXPENDITURE ASSUMPTIONS

- Education is the top priority of the Board of Supervisors.
 - In FY23, the Education budget represents 56.7% of General Fund expenditures.
- For General Government, spending is primarily spent within Public Safety, which received a total increase of \$15.20 million in FY23 funding.
- General Fund expenditures are forecasted to grow by 8.1% in FY23, 5.3% in FY24, and 3.5% in FY25.
- To (From) Debt Service Fund represents the forecast of General Fund support to the Debt Service Fund. The debt service levels through FY25 are calculated on new, existing, and projected debt service requirements.
- To (From) Capital Projects is projected at \$70.35 million for FY23 for pay-as-you-go projects. Projections for anticipated capital projects in FY24 and FY25 include transfers of \$54.25 million and \$48.75 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 FY23 estimate of these costs is \$2.99 million and the costs for FY24 totaling \$2.99 million and FY25 totaling \$2.99 million.
- To (From) Risk Management Fund is the transfer of funds to support risk management operations.
 - The FY23 transfer is for \$9.52 million to support the County's Risk Management operations, which includes the cost of the County's self-insurance program (excluding healthcare).
 - The anticipated transfer to fund the cost of the County's Risk Management operation is estimated to increase to \$10.51 million in FY24 and \$11.53 million in FY25 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).
 - The transfer to the Special Revenue Fund is estimated at \$39.31 million in FY23.
 - The projections over the forecast period are \$40.49 million in FY24 and \$41.70 million in FY25 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 transfer to the JRJDC Agency Fund is anticipated at \$3.62 million for FY23 increasing to \$3.81 million in FY24 and \$4.0 million in FY25.
- (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.
 - Projections for FY23 through FY25 total \$2.68 million each year, which is anticipated to fully fund the County's obligation.
- (To) From Line of Duty represents the anticipated funding needed for expenses associated with the Line of Duty payments.
 - Projections for FY23, FY24, and FY25 are flat at \$1.25 million.
- (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.
 - Projections for FY23 through FY25 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 capital projects in 4 areas: Capital Projects, Capital Reserves (including Meals Tax exclusively for education), Pedestrian Improvements, and the Bond Project Planning Reserve.
 - Funding decreases from \$29.0 million in FY23 to \$25.65 million in FY24 to \$20.15 million in FY25.
- 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.
 - FY23 includes \$1.38 million for operating costs related to the opening of East Gate Fire Station, Dorey Park, and Deep Run Park.
 - FY24 includes \$2.39 million for the opening of Eastgate Fire Station, Three Lakes Park, Glover Park, Taylor Park, and Cheswick Park.
 - FY25 includes \$1.29 million for the opening of East Gate Fire Station.
- Ending General Fund Balance represents reserves not appropriated for expenditure, including the assigned and unassigned balances.
 - Per County financial guidelines, unassigned fund balance is projected at 15.0% of general fund expenditures in FY23, FY24, and FY25.

GENERAL FUND FORECAST

	FY21	FY22	FY23	FY24	FY25
	Actuals	Approved	Approved	Forecast	Forecast
Revenues:					
Current Real Estate Tax	\$ 371,051,873	\$ 383,000,000	\$ 415,000,000	\$ 445,000,000	\$ 468,000,000
P.S. Real Estate Tax	10,884,445	10,000,000	10,000,000	10,000,000	10,000,000
Current Personal Prop. Tax (1)	84,235,190	125,000,000	139,000,000	139,000,000	142,250,000
P.S. Personal Property Tax	24,342	70,000	70,000	70,000	70,000
Other General Property Tax	21,308,781	13,250,000	14,350,000	16,000,000	16,000,000
Local Sales Tax	75,612,539	70,000,000	80,250,000	83,000,000	85,490,000
Business License Tax	38,591,364	36,000,000	40,000,000	42,000,000	45,000,000
Motor Vehicle License Tax	7,113,387	7,400,000	7,500,000	7,500,000	7,500,000
Consumer Utility Tax	2,708,888	2,750,000	2,750,000	2,750,000	2,750,000
Bank Franchise Tax	18,148,370	15,000,000	15,000,000	15,000,000	15,000,000
Hotel/Motel Tax	8,889,699	8,000,000	14,000,000	15,000,000	15,000,000
Food & Beverage (Meals) Tax	27,442,728	24,000,000	28,000,000	28,000,000	33,000,000
Other Local Taxes	9,541,970	7,460,000	7,560,000	7,560,000	7,560,000
Total Local Taxes Sub-Total	675,553,576	701,930,000	773,480,000	810,880,000	847,620,000
Permits, Fees, & Licenses	8,595,711	6,754,000	6,754,000	7,000,000	7,250,000
Fines & Forfeitures	1,678,666	2,085,000	2,085,000	2,100,000	2,100,000
Use of Money & Property	3,518,805	11,334,700	2,381,700	2,500,000	2,500,000
Charges for Services	1,172,970	3,710,500	3,751,500	3,800,000	3,900,000
Miscellaneous Revenue	9,921,176	8,307,000	8,068,000	8,150,000	8,250,000
Total Local Revenue	702,440,904	734,121,200	796,520,200	834,430,000	871,620,000
State & Federal-Schools	299,883,273	299,492,000	324,982,000	342,000,000	355,700,000
State & Federal-General Government ⁽¹⁾	161,726,496	94,545,040	97,352,865	100,000,000	104,000,000
	461,609,769	394,037,040	422,334,865	442,000,000	459,700,000
Total Revenue	\$ 1,164,050,673	\$ 1,128,158,240	\$ 1,218,855,065	\$ 1,276,430,000	\$ 1,331,320,000
⁽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. FY21 actual = \$37,001,783. Forecast period FY22 thru FY25 equal \$37,000,000.					
⁽²⁾ FY21 Actuals includes \$25,620,515 of funding from the Federal Government through the CARES Act.					
Transfers:					
(To) From Debt Service Fund	\$ (71,665,830)	\$ (78,346,649)	\$ (78,452,484)	\$ (77,631,421)	\$ (85,520,386)
(To) From Capital Projects Fund	(16,213,703)	(45,637,800)	(70,348,000)	(54,248,000)	(48,748,000)
(To) From Enterprise Fund	(1,929,858)	(1,932,108)	(2,990,750)	(2,990,500)	(2,991,250)
(To) From Risk Management Fund	(10,949,665)	(9,493,570)	(9,524,109)	(10,513,570)	(11,533,570)
(To) From CAM	-	(64,000)	(112,780)	(200,000)	(200,000)
(To) From Technology Replacement	(3,250,000)	(3,000,000)	(3,000,000)	(3,500,000)	(4,000,000)
(To) From Special Revenue Fund	(29,920,994)	(36,906,981)	(39,309,304)	(40,484,763)	(41,695,486)
(To) From JRJDC Agency Fund	(3,351,088)	(3,451,088)	(3,624,201)	(3,805,411)	(3,995,682)
(To) From OPEB - GASB 45 Fiduciary Fund	(2,675,000)	(2,675,000)	(2,675,000)	(2,675,000)	(2,675,000)
(To) From Line of Duty	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)
(To) From Long Term Disability	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Use of Fund Balance - Community Revitalization Reserve	-	-	2,000,000	2,000,000	2,000,000
Use of Fund Balance - Henrico Investment Program (HIP)	-	-	750,000	750,000	750,000
(To) From Fund Balance - Tourism Reserve	-	-	5,000,000	-	-
(To) From Fund Balance - Meals Tax Reserve	-	4,000,000	5,000,000	-	-
Use of Fund Balance - Capital Projects	16,213,703	7,075,000	7,650,000	7,650,000	7,650,000
Use of Fund Balance - Pedestrian Improvements	-	-	2,500,000	2,500,000	2,500,000
Use of Fund Balance - Capital Reserve	-	12,440,000	3,850,000	15,500,000	10,000,000
Use of Fund Balance - Bond Project Planning Reserve	-	-	15,000,000	-	-
Use of Fund Balance - Vehicle Replacement Reserve	-	11,024,800	13,500,000	10,125,000	6,750,000
From Sinking Fund - Bond Ops	-	4,584,500	1,378,385	2,393,482	1,287,615
(To) From Fund Balance General Fund	(151,511,065)	-	-	-	-
Total Transfers	\$ (277,103,500)	\$ (144,232,896)	\$ (155,258,243)	\$ (156,980,183)	\$ (172,271,759)
Total Resources	\$ 886,947,173	\$ 983,925,344	\$ 1,063,596,822	\$ 1,119,449,817	\$ 1,159,048,241
Expenditures:					
General Government Administration	60,812,955	64,023,716	69,436,586	72,214,049	74,380,471
Judicial Administration	9,796,555	10,276,583	10,957,805	11,396,117	11,624,040
Public Safety	209,737,334	215,015,894	230,215,605	240,261,102	248,756,550
Public Works	41,876,907	54,651,170	58,418,365	60,755,100	62,577,753
Public Health	2,484,119	2,687,497	2,967,497	3,086,197	3,147,921
Education	489,346,116	560,920,241	602,656,057	636,281,019	659,509,450
Recreation & Culture	36,128,100	42,955,130	46,386,982	49,799,070	51,293,042
Community Development	21,336,022	20,627,148	27,321,754	28,414,624	29,267,063
Miscellaneous	15,429,065	12,767,965	15,236,171	17,242,538	18,491,952
Total Expenditures	\$ 886,947,173	\$ 983,925,344	\$ 1,063,596,822	\$ 1,119,449,817	\$ 1,159,048,241
Fund Balance:					
Restricted	7,192,442	3,000,000	3,000,000	5,000,000	5,000,000
Assigned (*)	269,742,214	230,617,914	173,989,529	163,071,047	157,133,432
Unassigned Fund Balance	136,376,935	147,588,802	159,539,523	167,917,473	173,857,236
Total Fund Balance	\$ 413,311,591	\$ 381,206,716	\$ 336,529,052	\$ 335,988,520	\$ 335,990,668

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