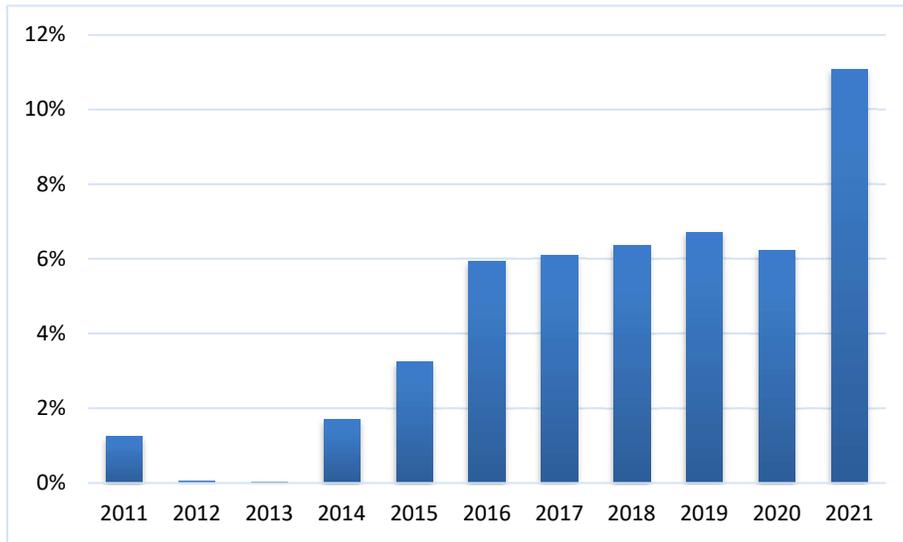


## **OPERATING POSITION INDICATORS**

## OPERATING SURPLUS

(As a % of Net Operating Revenues)



An operating surplus occurs when current revenues exceed current expenditures. If the reverse is true, it means that there is a deficit, and the locality is spending more than it receives. There can be isolated cases where spending more than collecting is prudent and may not be reason for alarm. Frequent occurrences of operating deficits may indicate that realized revenues are not supporting current expenditures which should

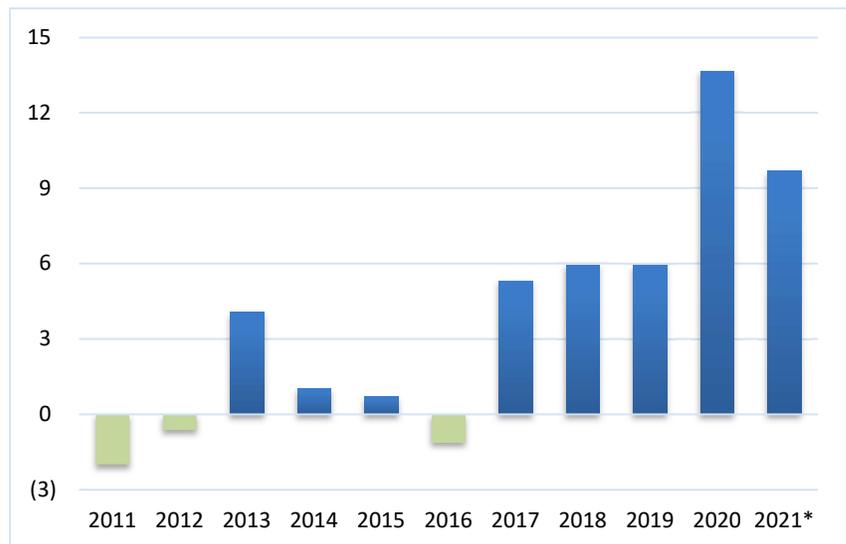
constitute a review of priorities and goals.

**Operating surpluses saw a sharp increase in FY21.** This increase was the effect of conservative budgeting in the face of the pandemic’s unknown impact on County operations and changes in operations reflective of pandemic needs. FY21’s operating surplus of 11.1% rose 4.9% from FY20.

## ENTERPRISE GAINS/LOSSES

(in Constant Dollars)

Enterprise gains and losses occur when self-sufficient enterprise programs encounter an operating surplus or deficit. Negative numbers on the scale represent program losses (inclusive of depreciation expenses). Enterprise operations included in this analysis were Water and Sewer services and formerly the Belmont Golf Course. In December 2020, First Tee of Richmond took over operations of the Belmont Golf Course and this enterprise program is no longer a county operation.

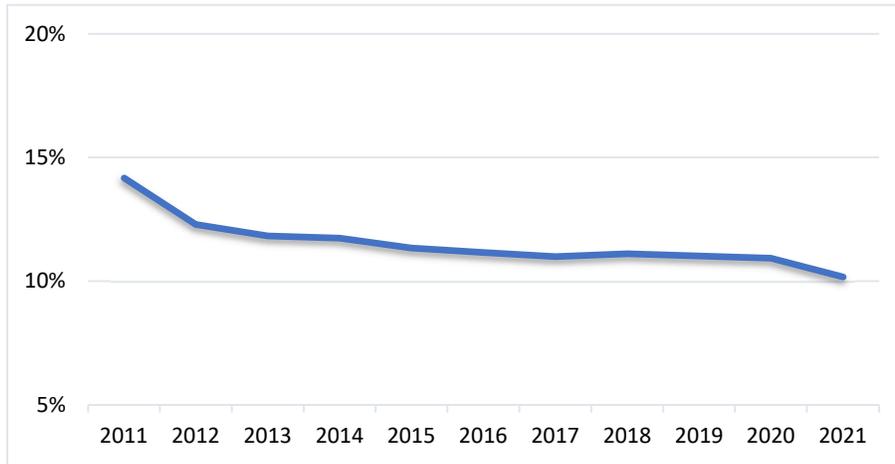


*\* Excluding Belmont Golf Course*

In FY21, the County’s Enterprise programs continued to maintain a substantial surplus, as observed over the past 5 fiscal years. **FY21 gains declined from those of FY20 by roughly \$4.0 million but continues to stand well above the 11-year average.** This decline may represent a return to operational normalcy as gains near historic averages.

## GENERAL FUND UNASSIGNED BALANCES

(As a % of Net Operating Revenues)



The level of a locality's unassigned fund balance contributes to its ability to withstand unexpected financial emergencies, including natural disasters, revenue shortfalls, or steep rises in inflation. It may also determine a locality's ability to accumulate funds for large-scale one-time purchases without having to incur debt.

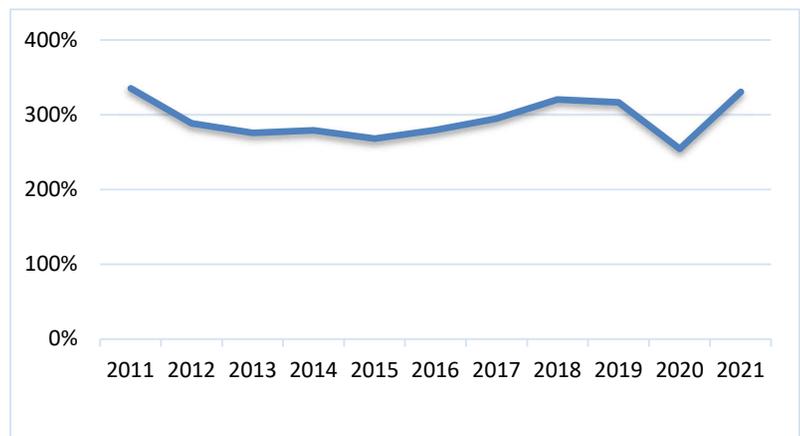
*Note: This historical depiction is reflected differently than the percentages referred to in the Annual Fiscal Plan as "net operating revenues." The graph above includes the General, Special Revenue and Debt Service Funds, causing the percentage reflected on this page to be lower than what is reflected in the Annual Fiscal Plan.*

The ratio of general fund unassigned balance to the net operating revenues of the General, Special Revenue and Debt Services funds was 10.2% in FY21, down 0.7% from FY20. This is the result of federal stimulus funding elevating net operating revenues. As expenses increase, the unassigned fund balance, set at 15% of general fund expenses, will increase. **This marks the steepest decline in 10 fiscal years but remains above the 35-year average of 8.5%.** It should be noted that the total general fund balance increased over \$136 million.

## LIQUIDITY

(Cash & Investments as a % of Current Liabilities)

Liquidity measures a locality's ability to pay its short-term obligations through the monitoring of its cash position. "Cash position" includes cash on hand and in the bank, and assets that can be easily converted to cash, such as short-term investments. Short-term obligations include accounts payable, the payments on long-term debt and other liabilities due within one year of the balance sheet date. The effect of insufficient liquidity is the inability to pay bills or insolvency. Declining liquidity may indicate that a locality has overextended itself.



**FY21 saw a substantial rise in liquidity following a notable drop in FY20.** Interest rates reached record lows in FY20, prompting the County to refund approved long-term debt to take advantage of lower rates. **While lower liquidity can be a cause for concern if continuous, increased revenue flows in FY21 have alleviated these worries.**