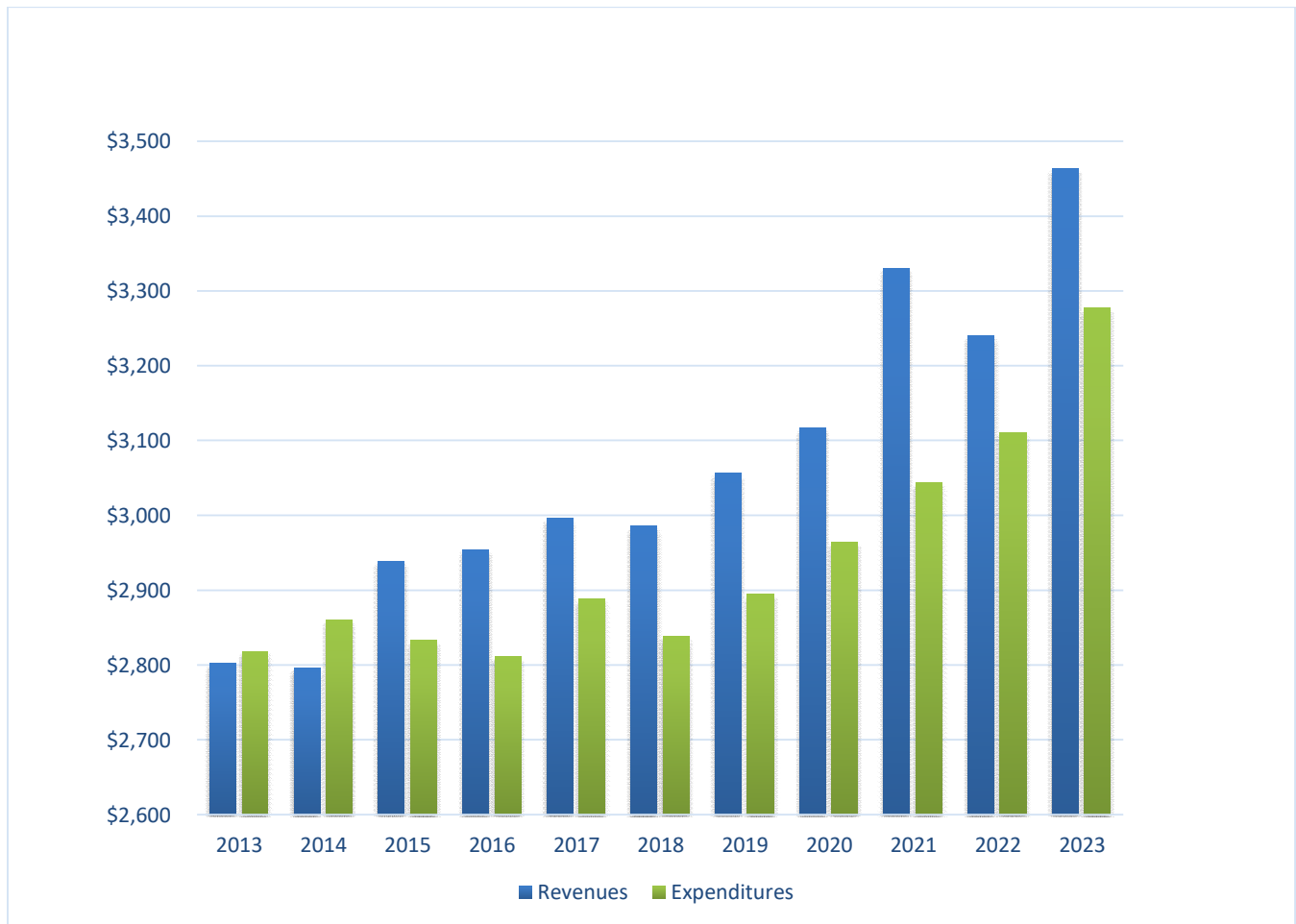


## **REVENUE INDICATORS**

## REVENUES/EXPENDITURES PER CAPITA

(In Constant Dollars)

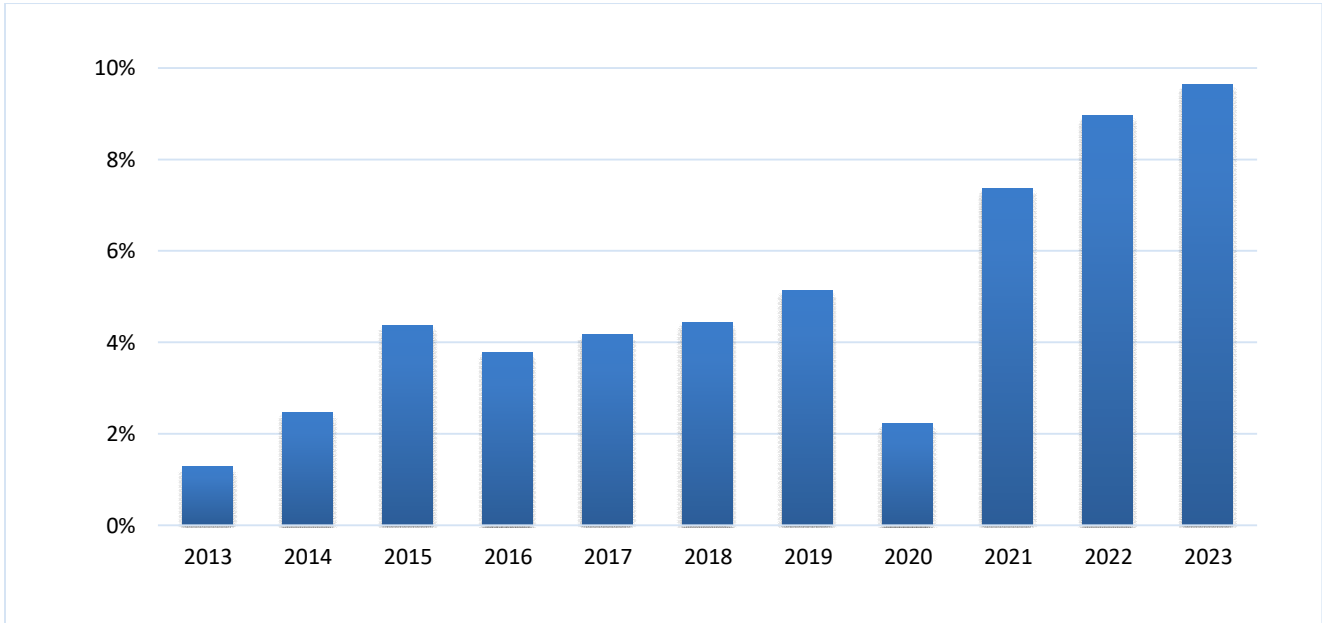


These indicators depict how revenues and expenditures are changing relative to changes in the level of population. As the population increases, it might be expected that the need for services would increase proportionately; therefore, the level of per capita revenues should remain at least constant in real terms. If per capita revenues are decreasing, it could be expected that the locality would be unable to maintain existing service levels unless new revenue sources or ways to save money are found. Increasing per capita expenditures can indicate that the cost of providing services is greater than the community's ability to pay, especially if spending is increasing faster than the community's personal income or other relevant tax base.

Revenues per Capita increased 6.9% in FY23, going from \$3,240 to \$3,463 while Expenditures per Capita grew 5.3% from \$3,110 to \$3,276. Expenditures per Capita have shown steady upward growth since FY18 as the county grows, while revenues rose back to a natural progression after a decline in FY22. Current revenues and expenditures per capita indicate that Henrico County is operating within a healthy and sustainable ratio. Subsequent fiscal years may see the gap between revenues and expenditures remain relatively consistent, as inflation stabilizes.

## REVENUE VARIANCE

(As a % of Net Operating Revenue)

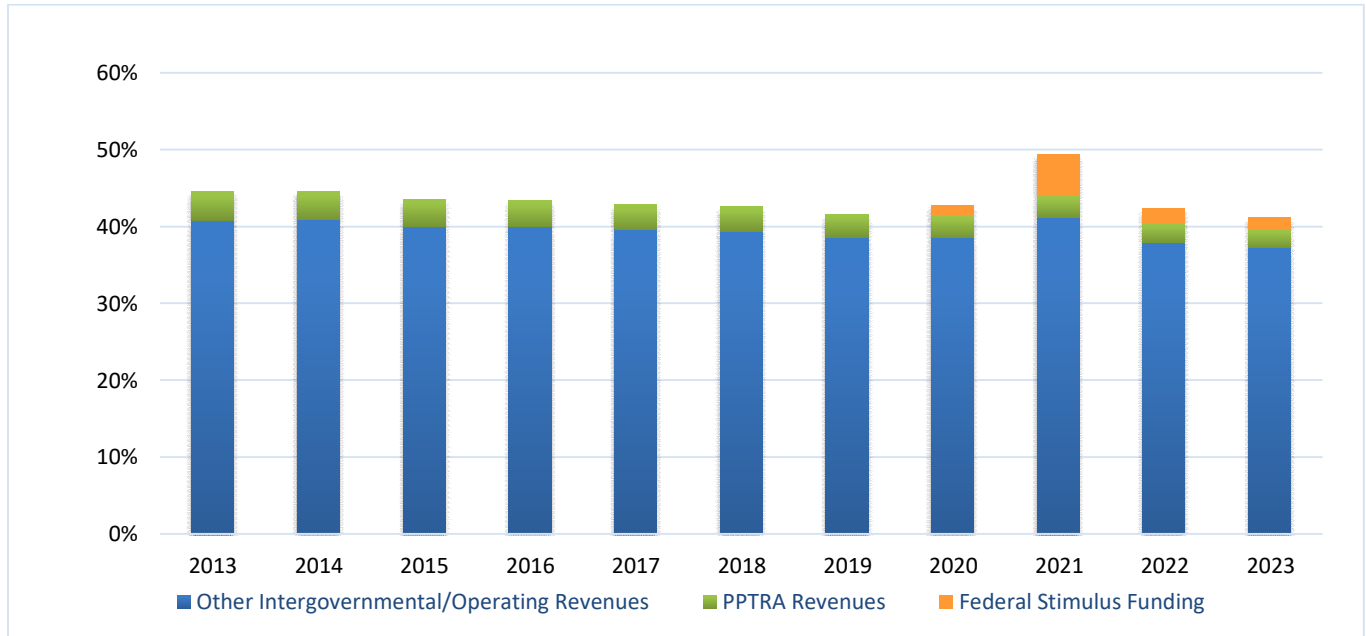


This financial indicator examines the differences between revenue estimates and revenues realized. The data shown includes revenues in the General, Special Revenue, and Debt Service funds. Major discrepancies in revenue estimates can be an indication of unexpected changes in economic conditions, collection procedures, or inaccurate estimating techniques. On the graph above, the 0% marker at the x-axis represents the fiscal year budgeted estimates and the graph indicates the variance of actuals from the budget estimate. A positive number indicates budget estimates were exceeded, while a negative number would reflect missed revenue projections.

Revenue variances have consistently been positive, indicating that actual revenues have exceeded the original estimated budget. FY23 revenue variance hit record highs in the observed data set at 9.6%. While Henrico County budgets conservatively, FY23 increases can be attributed in part to the effects of a thriving local economy and a competitive housing market. **Henrico County’s decision to under-project revenues during the budget process assists in mitigating the potential risks of a highly volatile economy.** This ensures that the County is well prepared to deliver services despite unforeseen circumstances.

## INTERGOVERNMENTAL REVENUES

(As a % of Gross Operating Revenues)

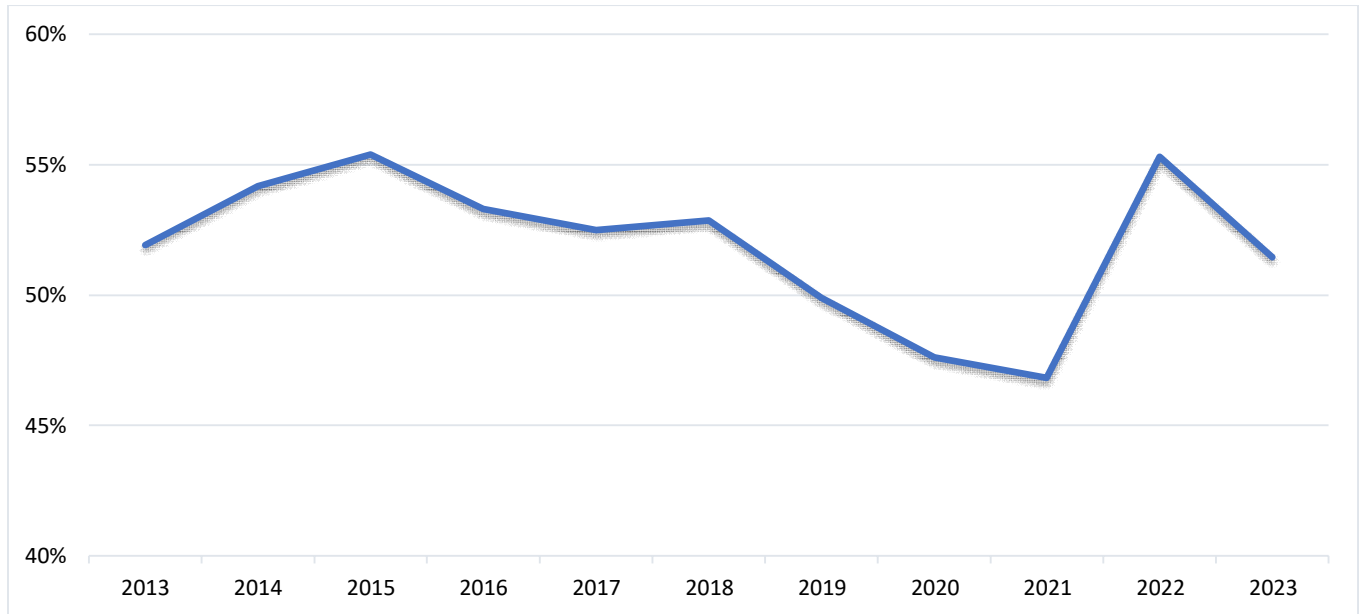


Intergovernmental revenues are those revenues received from other governmental entities such as the Commonwealth of Virginia and the Federal Government. Intergovernmental revenue is commonly restricted revenue and legally earmarked for a specific use as required by State and/or Federal law or grant requirements. Overdependence on intergovernmental revenues can have an adverse impact on the County’s financial condition if conditions change or funding is withdrawn after the locality has developed a dependence on the program. Personal property tax payments paid by the State under the Personal Property Tax Relief Act (PPTRA) have been classified as intergovernmental revenues even though the assessment function is performed at the local level. In the graph above, PPTRA revenues appear as the green stacked bar.

**Intergovernmental Revenues have remained relatively stable over the 11-year period shown.** The significant increase in FY21 was related to funding received to respond to the economic impacts of the COVID-19 pandemic. FY23 federal stimulus funding does not include \$54.9M allocated to the partial rebuild and renovation of the Academy at Virginia Randolph, which is captured within capital projects. While FY22 and FY23 continued to leverage this federal funding, the overall percentage of intergovernmental revenues relative to gross operating revenues dropped from 42.4% to 41.2%. The decline in FY23 puts the County under the historic average between 43% and 45%. Excluding federal stimulus funding, intergovernmental revenue and PPTRA revenue accounted for 39.6% of gross operating revenues; the last time intergovernmental revenue was under 40% was 2001, also at 39.6%. **County dependence on Intergovernmental Revenues has not significantly changed within the observed 11-year time frame.**

## USER CHARGE COVERAGE

(Revenues/Expenditures)

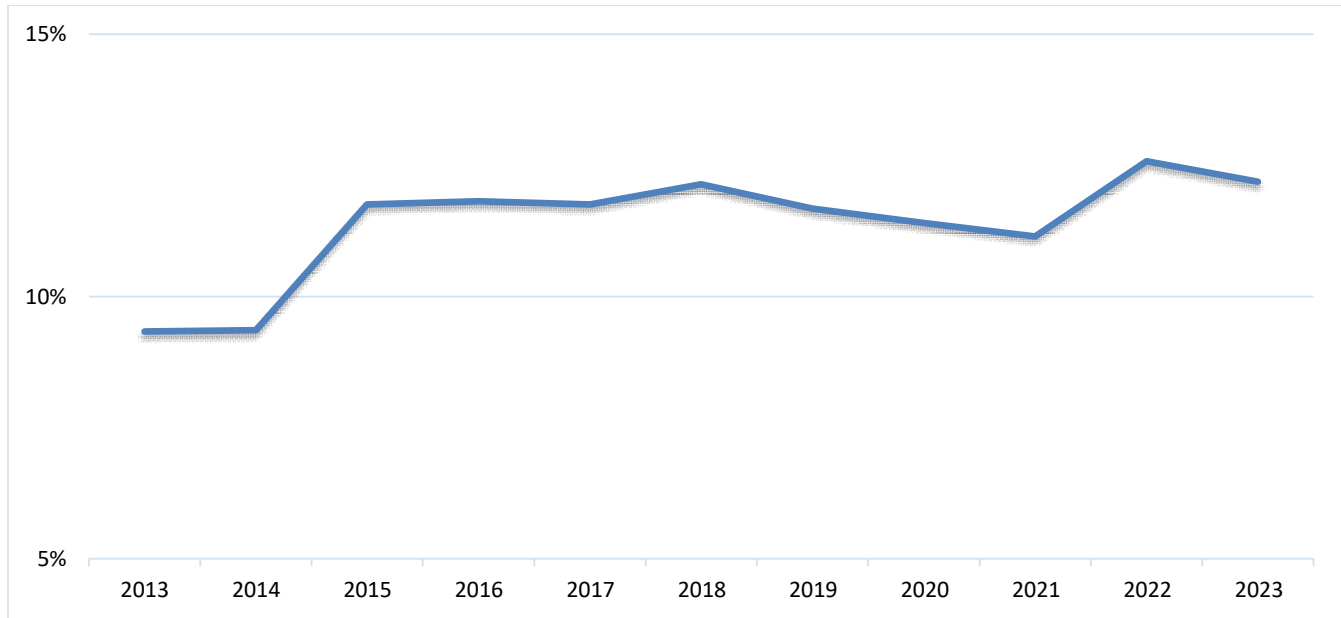


User Charge Coverage refers to the ratio of the county’s fees to the full cost of providing related services. Henrico County charges fees for recreation activities, building permits, the school cafeterias, mental health services, street lighting, and solid waste services. If User Charge Coverage declines, these services must be covered by other revenue sources. Inflation erodes the User Charge Coverage if fees are not reviewed and amended periodically.

User charge coverage saw a slight decline in FY23 following a sharp increase in FY22. The decline shows the increasing expenditure the County incurs to provide services. As the country still navigates the effects of inflation, the full cost of providing key operating services has increased. All coverage ratios maintained a similar level in FY23 apart from school cafeterias, where revenue increased substantially compared to FY22.

## ELASTIC OPERATING REVENUES

(As a % of Net Operating Revenues)

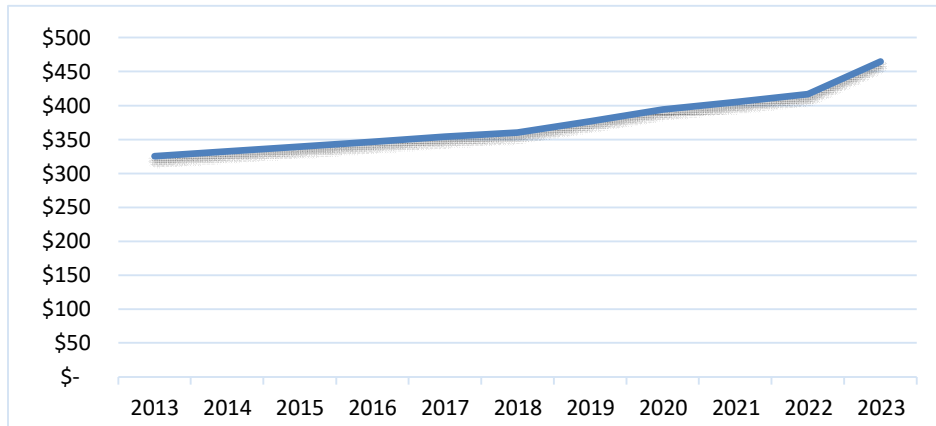


As mentioned in the definitions section, some county revenue streams are more susceptible to current economic factors than others and are therefore considered elastic revenues. Revenue categories used for this indicator include Local Sales and Use Taxes, Business and Professional License Taxes, structure and equipment permit fees, and Food and Beverage Taxes. The trend line shows the aggregate total of these revenues as a percentage of total Net Operating Revenues for each fiscal year. A decrease in Elastic Operating Revenue (negative impact) or an increase in Net Operating Revenue (positive impact) can result in a negative trend. Due to this, the indicator looks for unplanned changes in the trend.

In FY23 Elastic Operating Revenues as a percentage of Net Operating Revenues decreased by 0.4%, leveling off after the FY22 increase. This plateau was primarily driven by normalization after the significant increase in Elastic Operating Revenue in FY22. After a few years of fluctuation, Elastic Operating Revenues have returned to customary levels. **Current trends indicate that there is a healthy ratio of elastic and inelastic revenues in Henrico County.**

## GENERAL PROPERTY TAX REVENUES

(In Constant Dollars, Millions)

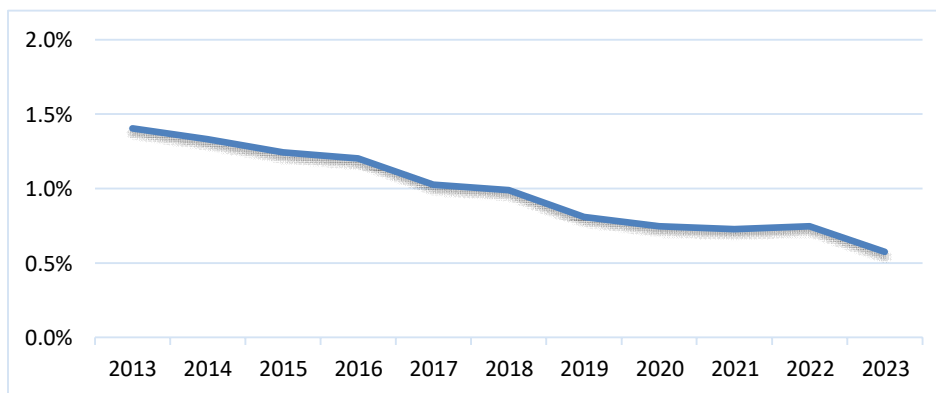


General property tax revenues in Henrico County include both current and delinquent real and personal property tax revenue collected by the county. These revenues constitute Henrico County's largest local revenue category, representing 65.4% of total local operating revenue in Henrico County in FY23.

**General property tax collections were healthy in FY23**, exceeding recorded collections in the history of the FTMS in Henrico County, exceeding the previous year peak of \$417 million by \$48 million.

## UNCOLLECTED CURRENT PROPERTY TAXES

(As a % of Total Levy)



Unlike many other trends presented in this document, a downward trend in uncollected current property taxes would be considered a positive economic indicator. Every year a percentage of current real and personal property taxes go uncollected. If this percentage increases over time, it may be

an indication of an overall decline in a locality's economic health. Bond rating agencies anticipate that a locality will normally be unable to collect between 2.0% to 3.0% of its property tax levy each year. If uncollected property taxes rise to more than 5.0%, rating agencies consider this to be a negative indicator that signals potential problems in the stability of the property tax base or is indicative of systemic problems with local tax collection efforts.

**Uncollected Current Property Taxes remain considerably low in FY23, dropping 0.18% from FY22. This maintains the downward trend observed over the last 11 fiscal years.** These downward trends are positive for the County as they show the County's collections are effective and that taxpayers can effectively manage their tax burdens. In FY20 Henrico County eliminated credit card fees associated with payment to further reduce delinquencies.