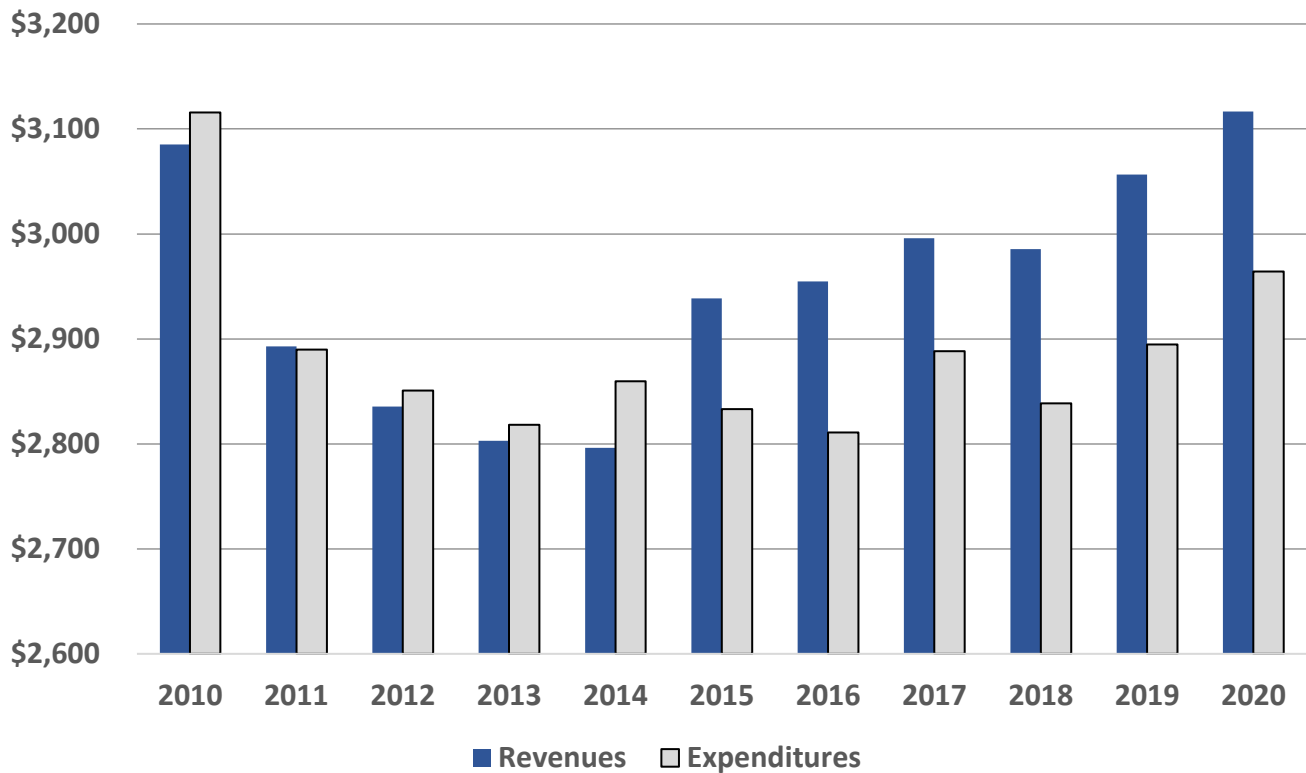


REVENUE INDICATORS

REVENUES/EXPENDITURES PER CAPITA

(In Constant Dollars)

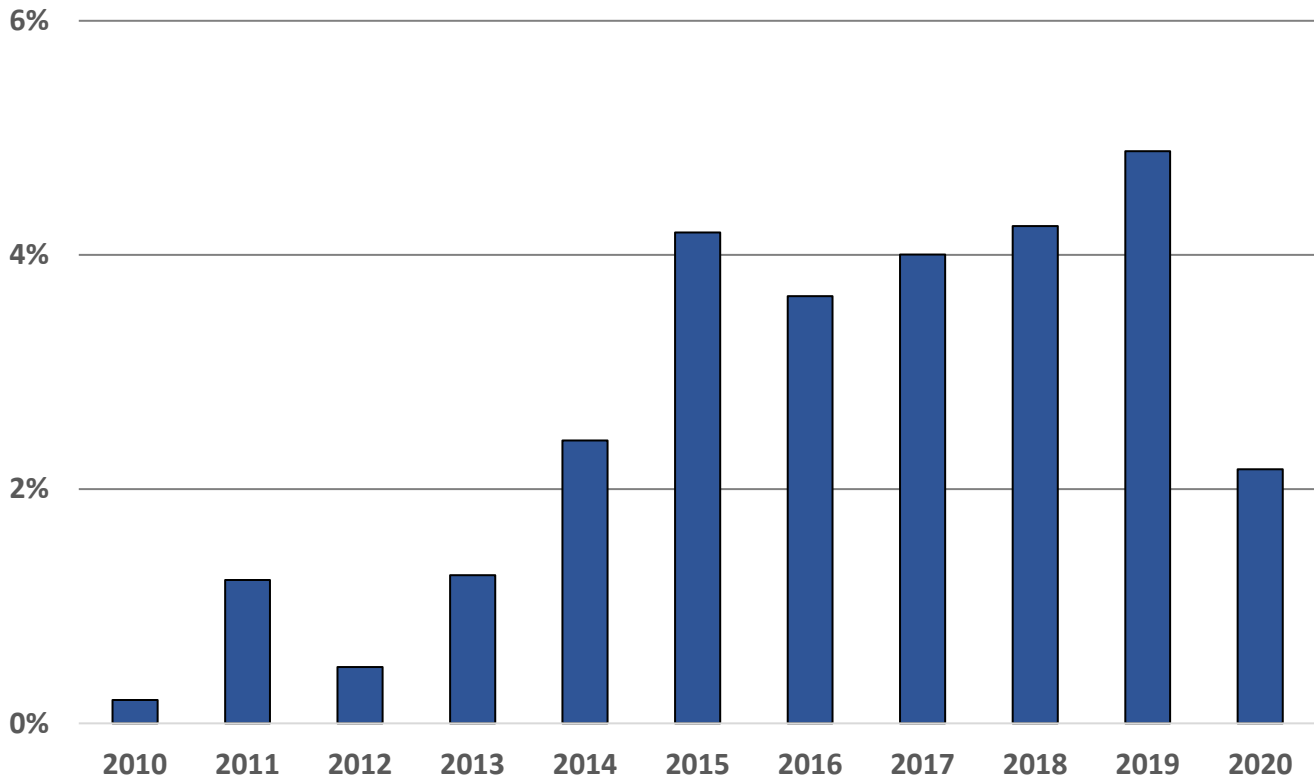


These indicators depict how revenues and expenditures are changing relative to changes in the level of population. As the population increases, it might be expected that the need for services would increase proportionately; therefore, the level of per capita revenues should remain at least constant in 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.

Both Revenues and Expenditures per capita increased in FY2020 despite the economic impacts of the COVID-19 pandemic. FY2020 Revenues per capita exceeded FY2010 levels making FY2020 the highest Revenue per capita in this 11-year timeframe. FY2020 Expenditures per capita rose proportionately with revenues, a trend that has been in place since FY2015. **Current revenues and expenditures per capita indicate that there is a healthy ratio of spending to saving in Henrico County.** Future years may have smaller gaps between Revenues and Expenditures due to the compensation proposal coming forward in the FY2022 budget.

REVENUE VARIANCE

(As a % of Net Operating Revenue)

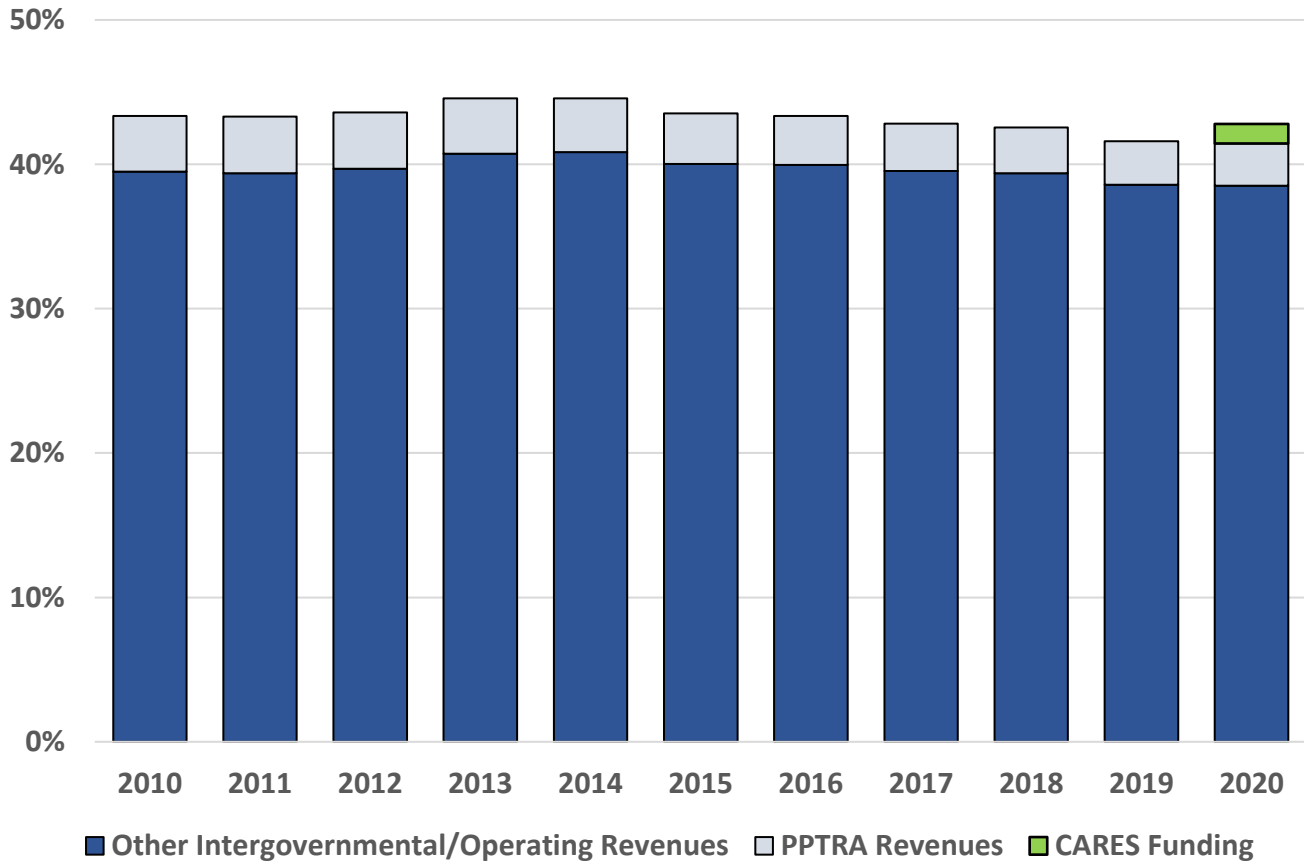


This financial indicator examines the differences between revenue estimates and revenues realized. The data shown includes revenues in the General, Special Revenue, and Debt Service funds. Major discrepancies in revenue estimates can be an indication of a declining economy, inefficient collection procedures, 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 reflects missed revenue projections.

The revenue variance reached a 5-year low in FY2020 with actual revenues still exceeding the estimated values. Henrico has implemented a strategy of a conservative budgeting in recent years, meaning revenues are estimated to be on the lower side of a confidence interval to allow for unexpected changes. The COVID-19 pandemic is an example of an unexpected economic change that resulted in the reduced margin between expected and received. **Current trends show that Henrico County's pattern of under-projecting revenues during the budget process in order to mitigate risk is effective in times of unexpected events.**

INTERGOVERNMENTAL REVENUES

(As a % of Gross Operating Revenues)

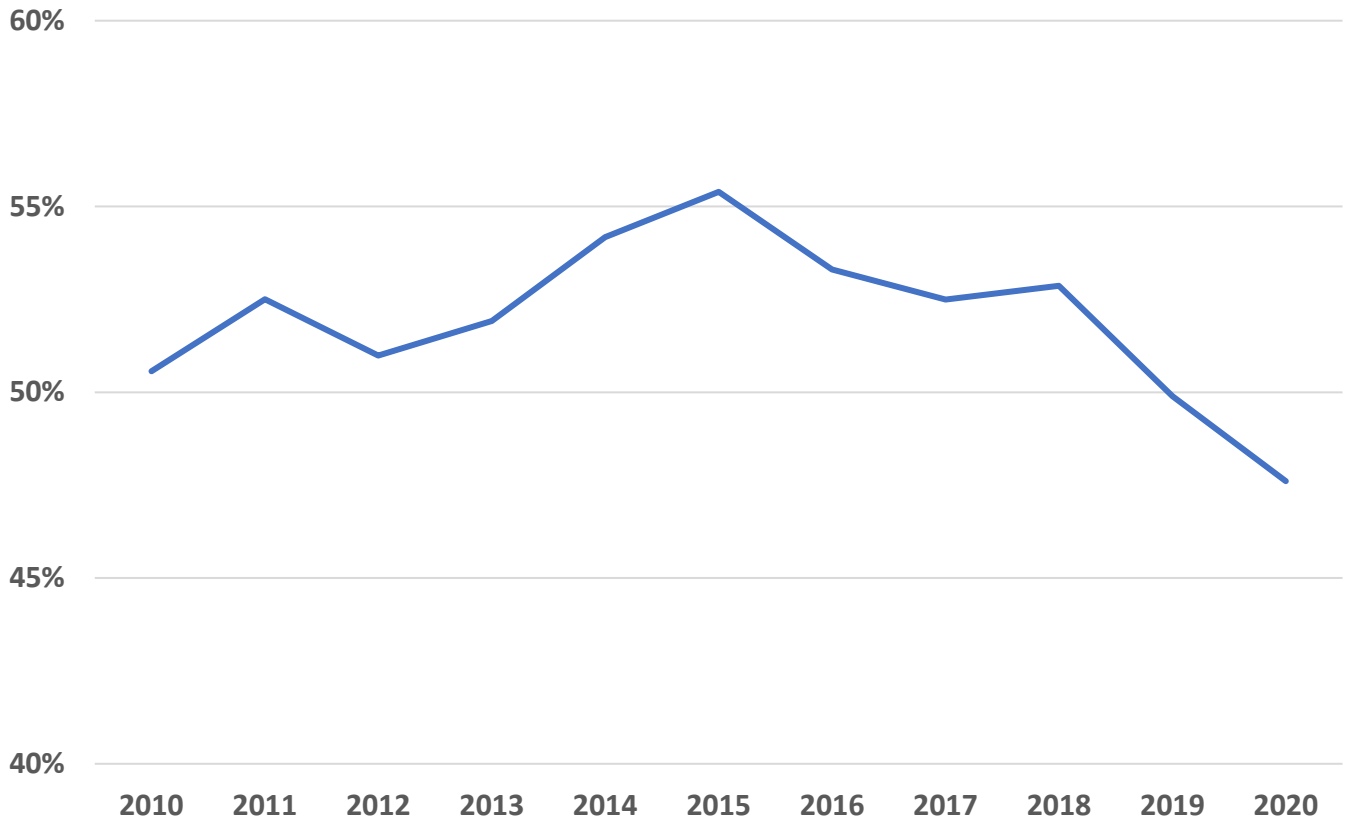


Intergovernmental revenues are those revenues received from other governmental entities such as the Commonwealth of Virginia and the Federal Government. Intergovernmental revenue is commonly restricted revenue and legally earmarked for a specific use as required by State and/or Federal law or grant requirements. An 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 top stacked bar.

Intergovernmental Revenues have remained relatively stable over the 11-year period shown. The slight increase in FY2020 (1.3%) is related to funding received through the CARES act in response to the economic impacts related to the COVID-19 pandemic. Without CARES funding, FY2020 would have seen no growth over FY2019. Intergovernmental Revenues (including PPTRA) have consistently averaged between 43% and 45% of Gross Operating Revenues since FY2009. The slight decrease seen in FY2019 has not been present since FY2007. **Despite the presence of an economic shock from the COVID-19 pandemic, dependence on Intergovernmental Revenues has not changed significantly in 12 years.**

USER CHARGE COVERAGE

(Revenues/Expenditures)

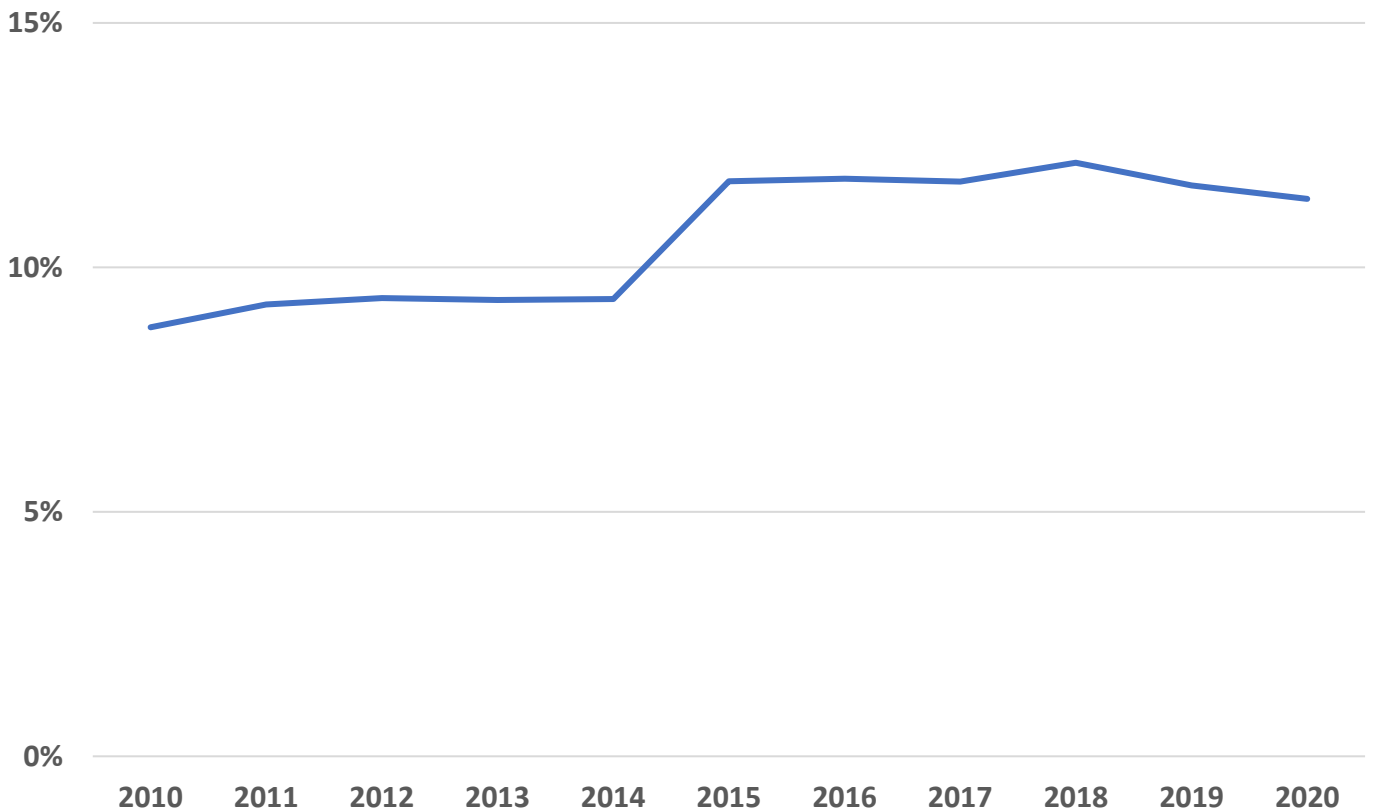


User Charge Coverage refers to the ratio of the county’s fees to the full cost of providing related services. Henrico County charges fees for the employee cafeteria, recreation activities, building permits, the school cafeterias, mental health services, street lighting, and solid waste services. If User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

User charge coverage reached an all-time low in FY2020. This constitutes a warning trend. The COVID-19 pandemic forced the closure of school and employee cafeterias and many public facilities, resulting in a \$1.4 million drop in User Charge revenues in FY2020. All coverage ratios, except for that associated with Building Inspections, decreased with Recreation taking the largest decrease at 47.9 percent from FY2019. Henrico’s public schools increased expenditures in the School Cafeteria by providing free meals to students at various locations throughout the county, resulting in a \$1 million increase in expenditures. This, combined with a \$1.4 million decrease in revenues, brought the School Cafeteria coverage ratio from 100 percent coverage down to 68 percent, or a decrease of 32.2 percent. Currently, Building inspections is the only self-sustainable use charge operation, operating at 171.2 percent coverage. All other departments are operating at a loss between 71.9 percent coverage (Solid Waste/Street Lights) down to 1.8 percent coverage (Recreation).

ELASTIC OPERATING REVENUES

(As a % of Net Operating Revenues)

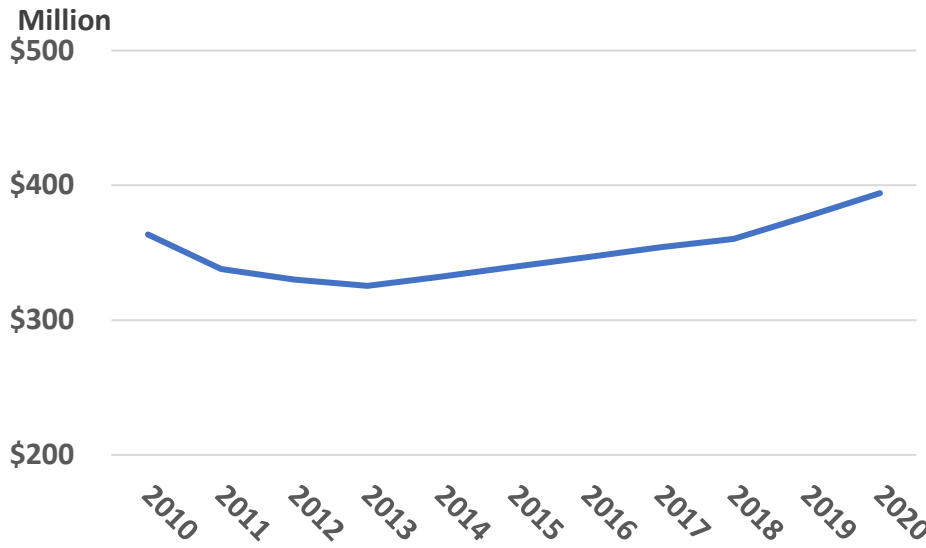


Revenue categories used for this indicator include Local Sales and Use Taxes, Business and Professional License Taxes, structure and equipment permit fees, and Food and Beverage Taxes. The trend line shows the aggregate total of these revenues as a percentage of total Net Operating Revenues for each 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 FY2020, Elastic Operating Revenue and Net Operating Revenue both increased, but due to Net Operating Revenues increasing at a faster rate than Elastic Operating Revenues, there is a downward trend from FY2019 to FY2020. **Current trends indicate that there is a healthy ratio of elastic and inelastic revenues in Henrico County, allowing for the Net Operating Revenue to grow despite a near-stagnant growth in Elastic Operating Revenues.**

GENERAL PROPERTY TAX REVENUES

(In Constant Dollars)

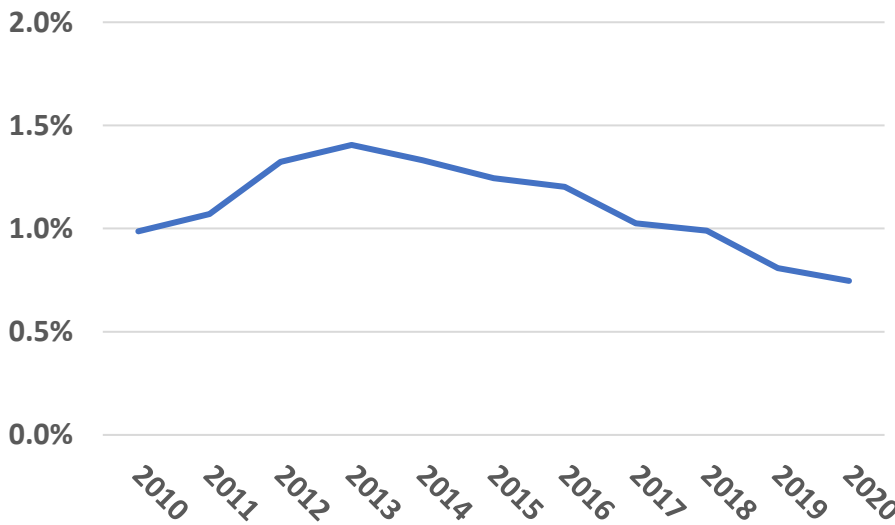


General property tax revenues in Henrico County include both current and delinquent real and personal property tax revenue collected by the County. These revenues constitute Henrico County's largest local revenue category, representing 67.5 percent of total local operating revenue in Henrico County in FY2020.

General property tax collections were healthy in FY2020, exceeding recorded collections in the history of the FTMS in Henrico County, exceeding the previous peak of \$378 million (recorded in FY2009) by \$17 million.

UNCOLLECTED CURRENT PROPERTY TAXES

(As a % of Total Levy)



Every year a certain 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 consider that a locality will normally be unable to collect between 2.0 to 3.0 percent of its property tax levy each year. If uncollected property taxes rise to more than 5.0 percent, 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.

FY2020 represents the lowest uncollected current property taxes in this 11-year timeline with a continuing downward trend. Due to the COVID-19 pandemic, relief measures were put in place in FY2020 including deferring the first due date for Property taxes from June to August at no penalty to the property owner. Had these measures not been implemented, it is likely that this measurement would have been higher. Additionally, the County permanently eliminated the credit card fee associated with payment in an effort to further reduce delinquencies.

