

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 in the General Fund are used for 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 \$471.0 million, or 35.7%, of the County's total General Fund revenue in FY24.
 - The FY24 budget is balanced within the tax rate of \$0.85 per \$100 of assessed value for CY23.
 - Assessment information for January 2023 indicates real estate assessments total \$56.1 billion, reflecting an increase of approximately \$6.6 billion, or 13.2%, from the January 2022 assessed values.
 - The increase was driven by reassessments with a residential growth of 13.6% and commercial growth of 5.8%.
 - 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 FY25 and FY26 projections assume increases to the County's real property tax collections of 7.2% and 5.0%, 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 \$145.1 million for FY24.
 - 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 3.5% in FY25 and 3.3% in FY26.
- 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 1.0% of local sales tax that is remitted to Henrico County.
 - Local Sales Tax revenue is projected to generate \$88.5 million in FY24, an increase of \$8.3 million, or 10.3%, from the current fiscal year budget.
 - Local Sales Tax revenues are projected to increase to \$94.0 million in FY25 and \$100.0 million in FY26.
- 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 FY24 budget maintains a maximum uniform BPOL tax rate of \$0.20/\$100 of gross receipts for all business categories.
 - The FY25 and FY26 forecast estimates BPOL tax receipts will increase to a level of \$50.0 million and \$54.0 million, respectively.
- Motor Vehicle License Taxes are collected for every motor vehicle or trailer normally garaged, stored or parked in the County.
- Consumer Utility Taxes are estimated to be \$2.0 million in FY24, FY25, and FY26.

- 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.)
 - In FY24, an additional Tourism Improvement District levy of 2.0% of the room cost will be assessed and go to support Richmond Region Tourism’s marketing efforts.
 - At the end of the fiscal year, Henrico County’s local 2.0% component for tourism expenses will be returned from the GRCCA.
 - FY24 revenue estimates for the Hotel/Motel Tax total \$18.8 million, which includes the new Tourism Improvement District fee.
 - It is anticipated that revenues will increase by 34.0% in FY24 as visitors return to Henrico County and the new tourism improvement district fee is imposed, remain flat in FY25, and rise 6.7% in FY26 due to heightened Sports Tourism efforts.
- Meals Tax revenue will be earmarked for School’s operating, capital, and debt service needs.
 - The FY24 forecast remains constant at \$28.0 million, however this revenue is projected to rise to \$33.0 million in FY25 to cover debt service for schools’ 2022 bond projects and stay at \$33.0 million in FY26.
- Bank Franchise Taxes are derived from the taxation of net capital on banks located in the County. In FY24 Bank Franchise Taxes are estimated at \$5.0 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 decrease to \$7.3 million in FY24, increase to \$7.6 million in FY25, and increase to \$8.4 million in FY26.
- 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 FY24, Building Permit Fees are estimated to total \$6.5 million. The forecast for Permits, Fees and License revenues are projected to increase to \$7.0 million in FY25 and \$7.5 million in FY26.
- Fines and Forfeitures include revenue for traffic and parking violations, false alarm fees and courthouse maintenance fees.
 - This category is estimated at just under \$1.6 million for FY24 and is projected to grow to \$1.6 million for FY25 and remain flat in FY26.
- Use of Money and Property includes receipts from the sale of County property and interest on County investments.
 - This is estimated to generate \$3.3 million in FY24 and remain flat in FY25 and FY26. 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 \$3.3 million in FY24 and is projected to increase 13.9% in FY25 and 2.6% in FY26.
- Miscellaneous Revenue is estimated at \$7.8 million in FY24, rising 2.2% to \$8.0 million in FY25 and 6.3% to \$8.5 million in FY26.
- State and Federal revenue is estimated at \$454.1 million in FY24, which represents 34.4% of total General Fund revenue.
 - This is a projected increase of approximately 7.5% over the current fiscal year.
- State and Federal Aid to Education is expected to increase from \$325.0 million projected in FY23 to \$354.4 million in FY24.
 - The projection assumes an increase of 5.3% in FY25 and 3.2% in FY26.
- 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 \$99.7 million in FY24.
 - These are projected to increase 2.3% in FY25 and 4.0% in FY26.
- This forecast projects no Federal Aid to General Government in FY24 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 FY24, the Education budget represents 56.2% of General Fund expenditures.
- For General Government, spending is primarily spent within Public Safety, which received a total increase of \$23.9 million in FY24 funding.
- General Fund expenditures are forecasted to grow by 8.8% in FY24, 5.1% in FY25, and 3.6% in FY26.
- To (From) Debt Service Fund represents the forecast of General Fund support to the Debt Service Fund. The debt service levels through FY26 are calculated on new, existing, and projected debt service requirements.
- To (From) Capital Projects is projected at \$72.8 million for FY24 for pay-as-you-go projects. Projections for anticipated capital projects in FY25 and FY26 include transfers of \$63.3 million and \$59.3 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 FY24 estimate of these costs is \$7.2 million with the costs for FY25 totaling \$8.0 million and FY26 totaling \$8.0 million.
- To (From) Risk Management Fund is the transfer of funds to support risk management operations.
 - The FY24 transfer is for \$9.6 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 \$10.6 million in FY25 and \$11.6 million in FY26 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 Henrico Mental Health and Developmental Services, 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 \$47.6 million in FY24.
 - The projections over the forecast period are \$48.8 million in FY25 and \$50.1 million in FY26 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 associated with the James River Juvenile Detention Center (JRJDC).
 - The transfer to the JRJDC Agency Fund is anticipated at \$3.8 million for FY24 increasing to \$4.0 million in FY25 and \$4.2 million in FY26.
- (To) From Other Post-Employment Benefits (OPEB) - GASB 45 represents the anticipated funding for the costs associated with the accounting requirement issued by the Governmental Accounting Standards Board (GASB) known as GASB 45.
 - Projections for FY24 through FY26 total \$2.7 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 FY24, FY25, and FY26 are flat at \$1.3 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 FY24 increased to \$650,000 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 \$33.2 million in FY24 to \$28.4 million in FY25 to \$23.9 million in FY26.

- 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.
 - FY24 includes \$3.2 million for operating costs related to Regency Square Adult Education Center, Firehouse #23, Police Athletic League (PAL), and multiple other Recreation projects.
 - FY25 includes \$3.9 million for operating costs related to Hermitage and Highland Springs Advanced Career Education (ACE) Centers, Regency Square Adult Education Center, Firehouse #6, Firehouse #23, PAL, Glover Park, Taylor Park, Tuckahoe area park, Tuckahoe Creek, and multiple other Recreation projects.
 - FY26 includes \$3.3 million for operating costs related to Longan and Davis Elementary Schools, Hermitage and Highland Springs ACE Centers, Virginia Randolph, HCPS Environmental Education and Living Building, Regency Square Adult Education Center, Firehouse #6, Firehouse #23, PAL, Glover Park, Taylor Park, Tuckahoe area park, Tuckahoe Creek, and multiple other Recreation projects.
- 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 FY24, FY25, and FY26.

GENERAL FUND FORECAST

	FY22 Actuals	FY23 Approved	FY24 Approved	FY25 Forecast	FY26 Forecast
Revenues:					
Current Real Estate Tax	\$ 395,797,062	\$ 415,000,000	\$ 471,000,000	\$ 505,000,000	\$ 530,000,000
P.S. Real Estate Tax	10,400,045	10,000,000	10,000,000	11,000,000	11,000,000
Current Personal Prop. Tax (1)	110,283,153	139,000,000	145,000,000	150,000,000	155,000,000
P.S. Personal Property Tax	60,072	70,000	60,000	70,000	70,000
Other General Property Tax	21,592,810	14,350,000	15,350,000	17,000,000	18,000,000
Local Sales Tax	87,993,897	80,250,000	88,500,000	94,000,000	100,000,000
Business License Tax	46,330,255	40,000,000	46,000,000	50,000,000	54,000,000
Motor Vehicle License Tax	7,445,801	7,500,000	7,500,000	7,500,000	7,500,000
Consumer Utility Tax	1,893,791	2,750,000	2,000,000	2,000,000	2,000,000
Bank Franchise Tax	17,980,194	15,000,000	5,000,000	5,000,000	5,000,000
Hotel/Motel Tax	14,944,485	14,000,000	18,750,000	18,750,000	20,000,000
Food & Beverage (Meals) Tax	34,826,570	28,000,000	28,000,000	33,000,000	33,000,000
Other Local Taxes	11,137,384	7,560,000	7,310,000	7,600,000	8,400,000
Local Taxes Sub-Total	760,685,519	773,480,000	844,470,000	900,920,000	943,970,000
Permits, Fees, & Licenses	11,310,049	6,754,000	6,481,000	7,000,000	7,500,000
Fines & Forfeitures	1,674,840	2,085,000	1,575,000	1,600,000	1,600,000
Use of Money & Property	(7,082,782)	2,381,700	3,314,000	3,314,000	3,314,000
Charges for Services	3,581,199	3,751,500	3,335,000	3,800,000	3,900,000
Miscellaneous Revenue	9,701,395	8,068,000	7,827,500	8,000,000	8,500,000
Total Local Revenue	779,870,220	796,520,200	867,002,500	924,634,000	968,784,000
State & Federal-Schools	307,139,746	324,982,000	354,380,000	373,000,000	385,000,000
State & Federal-General Government ⁽¹⁾	135,910,789	97,352,864	99,714,730	102,000,000	106,100,000
	443,050,535	422,334,864	454,094,730	475,000,000	491,100,000
Total Revenue	\$ 1,222,920,755	\$ 1,218,855,064	\$ 1,321,097,230	\$ 1,399,634,000	\$ 1,459,884,000
⁽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. FY22 actual = \$37,001,783. Forecast period FY23 thru FY26 equal \$37,000,000.					
Transfers:					
(To) From Debt Service Fund	\$ (78,346,649)	\$ (78,452,484)	\$ (77,631,422)	\$ (85,638,636)	\$ (89,507,711)
(To) From Capital Projects Fund	(63,183,241)	(70,348,000)	(72,798,000)	(63,248,000)	(59,248,000)
(To) From Enterprise Fund	(1,932,108)	(2,990,750)	(7,150,500)	(7,990,500)	(7,991,250)
(To) From Risk Management Fund	(14,593,570)	(9,524,109)	(9,619,234)	(10,554,109)	(11,574,109)
(To) From CAM	(2,064,000)	(112,780)	(327,360)	(200,000)	(200,000)
(To) From Technology Replacement	(3,000,000)	(3,000,000)	(3,500,000)	(4,000,000)	(4,250,000)
(To) From Special Revenue Fund	(40,392,503)	(39,309,304)	(47,602,602)	(48,833,078)	(50,100,468)
(To) From JRJDC Agency Fund	(3,451,088)	(3,624,201)	(3,805,410)	(3,995,681)	(4,195,465)
(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)	(650,000)	(600,000)	(600,000)
Use of Fund Balance - Schools State Aid Reserve	-	-	5,050,000	-	-
Use of Fund Balance - Community Revitalization Reserve	-	2,000,000	2,000,000	2,000,000	2,000,000
Use of Fund Balance - Home Purchase Assistance Program	-	-	2,000,000	2,000,000	2,000,000
Use of Fund Balance - Henrico Investment Program (HIP)	-	750,000	750,000	750,000	750,000
Use of Fund Balance - Capital Initiatives	-	-	250,000	-	-
Use of Fund Balance - Recycling Cart Reserve	-	-	3,049,500	1,550,950	-
(To) From Fund Balance - Tourism Reserve	-	5,000,000	-	-	-
(To) From Fund Balance - Meals Tax Reserve	-	5,000,000	-	-	-
Use of Fund Balance - Capital Projects	-	7,650,000	13,650,000	11,400,000	11,400,000
Use of Fund Balance - Pedestrian Improvements	-	2,500,000	2,500,000	2,500,000	2,500,000
Use of Fund Balance - Capital Reserve	-	3,850,000	17,000,000	14,500,000	10,000,000
Use of Fund Balance - Bond Project Planning Reserve	-	15,000,000	-	-	-
Use of Fund Balance - Vehicle Replacement Reserve	-	13,500,000	13,500,000	6,750,000	-
From Sinking Fund - Bond Ops	-	1,378,386	3,221,228	3,851,000	3,250,000
(To) From Fund Balance General Fund	(13,509,860)	-	-	-	-
Total Transfers	\$ (224,998,019)	\$ (155,258,242)	\$ (164,038,800)	\$ (183,683,054)	\$ (199,692,003)
Total Resources	\$ 997,922,736	\$ 1,063,596,822	\$ 1,157,058,430	\$ 1,215,950,946	\$ 1,260,191,997
Expenditures:					
General Government Administration	63,717,308	69,436,586	78,592,275	81,735,966	84,188,045
Judicial Administration	10,364,786	10,957,805	11,725,928	12,077,706	12,319,260
Public Safety	228,637,775	230,215,605	254,143,711	269,434,059	281,725,625
Public Works	46,659,453	58,418,365	59,414,272	61,790,843	63,644,568
Public Health	2,888,239	2,967,497	3,130,561	3,255,783	3,320,899
Education	554,851,557	602,656,057	650,376,582	681,436,445	705,639,539
Recreation & Culture	40,587,993	46,386,982	49,552,181	53,434,268	55,207,296
Community Development	27,058,492	27,321,754	33,995,841	35,355,675	36,416,345
Miscellaneous	23,157,133	15,236,171	16,127,079	17,430,200	17,730,420
Total Expenditures	\$ 997,922,736	\$ 1,063,596,822	\$ 1,157,058,430	\$ 1,215,950,946	\$ 1,260,191,997
Fund Balance:					
Restricted	7,760,623	3,000,000	3,000,000	5,000,000	5,000,000
Assigned (*)	258,732,026	202,103,640	144,182,912	128,880,962	121,980,962
Unassigned Fund Balance	161,730,016	159,539,523	173,558,765	182,392,642	189,028,800
Total Fund Balance	\$ 428,222,665	\$ 364,643,163	\$ 320,741,677	\$ 316,273,604	\$ 316,009,762

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