

SPECIAL REVENUE FUND: THREE YEAR FORECAST

REVENUES AND EXPENDITURES

DESCRIPTION

The Special Revenue Fund accounts for proceeds from revenue sources that legally restrict expenditures to specified purposes. Henrico County's Special Revenue Fund includes the Department of Public Utilities' Solid Waste and Street Lighting operations; Public Works' Watershed and Best Management Practices programs; Schools' Cafeteria Programs; Mental Health; Social Services; State and Federal grants for various educational and County programs; certain aspects of the Economic Development Authority; asset forfeitures; and the Police Metro Aviation Unit. The Special Revenue Fund expenditure budget for FY25 is \$254,334,570, which represents an increase of \$12.6 million, or 5.2%, from the current fiscal year.

ASSUMPTIONS

- Revenues:
 - **School Cafeteria** revenues support the operations of all County public school cafeterias. Funding is received from specific State and Federal government grant programs as well as revenues generated by the school lunch program. Receipts for FY25 are estimated at \$33.5 million, which reflects a 19.6% increase over FY24. The FY26 and FY27 revenue estimates reflect projected increases of 1.0 percent based on anticipated growth in cafeteria operations.
 - **State, Federal and Other Grants** revenue funds various programs, principally those related to Education, the Capital Region Workforce Partnership (CRWP), the Community Corrections Services Program (CCP), the Community Development Block Grant (CDBG), and the Virginia Juvenile Community Crime Control Act (VJCCCA). Grant funding for FY25 totals \$79.6 million. This represents a 2.4% decrease from the approved FY24 budget. In the event additional grant funding is received during the fiscal year, the County will recognize the revenue only after official notification has been received from the State or Federal government. The forecasts for FY26 and FY27 each reflect annual increases in revenues of 1.0 percent.
 - **Solid Waste** revenues support the operation and maintenance of the County's solid waste disposal services. A portion of the funding is user charges from customers who receive County refuse removal service. Revenue is also collected from landfill user fees paid by commercial trash hauling companies and County residents. The cost of providing curbside recycling, bagged leaf collection, neighborhood cleanup, and bulky waste services throughout the County will be funded by a General Fund subsidy to the Solid Waste Fund. The General Fund subsidy for FY25 is \$6,420,909, which is unchanged from the amount in the FY24 budget. The transfer is projected to remain flat in FY26 and FY27.
 - **Street Lighting** revenues fund the operation and maintenance of the street lighting districts. Funding is provided by a specific annual surcharge levied on each property within a streetlight district. Street lighting revenue estimates throughout the forecast period support operating costs of existing streetlights.
 - **Mental Health** revenues are restricted to providing community based mental health, developmental, and substance abuse services to the residents of Henrico, Charles City, and New Kent counties. Budgeted revenues for Mental Health total \$34,659,394 for FY25. State and federal

revenues are projected to be \$16,735,301 and the estimate for various fee and miscellaneous revenues is \$17,641,699. Mental Health grant reserve funding of \$800,000, and \$50,000 of contract revenues from Sheltered Employment, are also anticipated. Additionally, Henrico is budgeted to receive a total of \$282,394 of fee revenues from Charles City and New Kent counties. A 3.0% increase in Mental Health revenues is projected for both FY26 and FY27.

- The Police **Metro Aviation** Unit is a regional multi-jurisdictional effort that includes the City of Richmond, along with Chesterfield and Henrico counties. It is projected that each locality will contribute \$165,832 in FY25, FY26, and FY27.
 - **Social Services** revenues support an array of community services. Among them are supplemental nutrition, assistance for needy families, medical assistance, protective services, and assistance with foster care and adoption. Additionally, the social service portion of the Children's Services Act (CSA) is funded within this department. The Social Services revenues for FY25 total \$35,674,934, of which \$10,006,273 is directed toward CSA. A 3.0 percent increase in revenues is projected for both FY26 and FY27, based on anticipated increases in State and Federal funding.
 - **The FY25 The Opioid Settlement Payments** The FY25 budget for opioid abatement priorities is \$79,759. This supports a Peer Recovery Specialist to work in support of the Marcus Alert System, a program that enhances services for individuals suffering mental health, substance abuse, or developmental disability challenges in need of specialized care. The FY25 opioid abatement priorities budget supports \$76,009 in personnel funding, \$965 in operating funding, and \$2,785 in capital funding. Settlement funds are managed using a separate account code to better track revenues and uses.
 - The total FY25 budget for **opioid abatement priorities** is \$79,759. This supports a Peer Recovery Specialist to work in support of the Marcus Alert System, a program that enhances services for individuals suffering mental health, substance abuse, or developmental disability challenges in need of specialized care. The FY26 and FY27 are projected to be unchanged from the FY25 level of funding.
 - **Best Management Practice (BMP)** devices are basins for treating storm water to improve water quality. The Department of Public Works is responsible for the long-term maintenance of BMP devices in single family residential subdivisions within Henrico County. The BMP maintenance fee of \$100 per lot is paid by developers at the time subdivisions are recorded. **The Watershed Management Program** provides alternatives to construction of BMPs in certain areas.
- **(To) From General Fund** represents local revenues, received by the General Fund and transferred to the Special Revenue Fund. Several State and Federal programs require a commitment of local funds before the locality is eligible to receive grant funds.
 - FY25 transfer of \$51,409,775 includes the County's contributions in support of the Community Corrections Programs, the Capital Region Workforce Partnership (CRWP), the Special Drug Prosecutor, the Virginia Juvenile Community Crime Control Act (VJCCCA), the State Victim/Witness Program, Schools portion of local CSA costs, the Sports and Entertainment Authority, and the Special Revenue Fund Reserve. The sum of these transfers is \$11,244,364. The remaining transfers are distributed as follows: \$165,832 for the Metro Aviation Unit; \$6,420,909 in support of Solid Waste programs; \$10,962,276 in local support of Social Services; and \$22,616,394 for Mental Health. The total transfer from the General Fund is projected to increase to \$52,754,466 in FY26 and \$54,139,498 in FY27.
 - **(To) From Fund Balance** is a reserve, which has accumulated over time from the Solid Waste operations to fund various projects. It is the County's practice to ensure Solid Waste charges are sufficient to cover

operating expenditures. Occasionally, operational costs exceed revenues and a use of reserves is required. The budget for FY25 anticipates the use of \$2,346,488 from the Solid Waste Fund balance. The forecast for FY26 and FY27 projects further reductions to the fund balance, however, actual use of balances in the Solid Waste Fund have historically been minimal.

- (To) From **Street Light** Fund Balance is a reserve, accumulated from the operation of the six sanitary districts that have been established for streetlights. There was an addition to this fund balance in FY23 and there is no planned use of the fund balance during the forecast period.
- Expenses:
 - The development of the FY25 Special Revenue Fund budget assumes recurring revenues will support recurring expenditures in future years. Special Revenue Fund resources and requirements are expected to grow at an average rate of 1.9 percent in both FY26 and FY27. The modest growth rate in grant related revenue is predicated on the basis that the potential for renewed Federal and State budgetary constraints may limit substantial increases in grant funding.
 - Ending Special Revenue Fund Balance is the sum of fund balances in all sub-funds, which are expected to remain on June 30th of each of the forecasted fiscal years, within the School Cafeteria Fund, Solid Waste Fund, and Street Light Fund. The State and Federal Grants fund balance and the Economic Development Authority Fund balance are forecasted to be zero in FY24 through FY27. If a balance exists on June 30th, it is the County's policy to carry those funds forward to the next fiscal year.

SPECIAL REVENUE FUND FORECAST

	FY23 Actual	FY24 Original	F25 Forecast	F26 Forecast	F27 Forecast
Revenues:					
School Cafeteria	\$ 24,588,845	\$ 28,013,829	\$ 33,504,084	\$ 33,839,125	\$ 34,177,516
State, Federal & Other Grants	91,032,864	81,486,670	79,566,468	80,362,133	81,165,754
Asset Forfeitures	493,290	0	0	0	0
Donations	25,327	0	0	0	0
Revenue from Local Sources	0	250,000	250,000	250,000	250,000
Sheriff Commissary Fund	77,693	0	0	0	0
Solid Waste	14,373,670	15,250,000	15,410,000	15,564,100	15,719,741
Street Lighting	227,348	100,000	100,000	100,000	100,000
Mental Health	26,448,078	29,881,656	34,659,394	35,699,176	36,770,151
Metro Aviation/Extradition	1,336,848	436,668	436,668	436,668	436,668
Social Services & CSA	31,584,413	33,594,811	35,674,934	36,745,182	37,847,537
Opioid Settlement Payments	0	295,838	79,759	79,759	79,759
Watershed/Best Management Practices	0	897,000	897,000	897,000	897,000
Subtotal Revenues	<u>\$190,188,376</u>	<u>\$190,206,472</u>	<u>\$ 200,578,307</u>	<u>\$203,973,142</u>	<u>\$207,444,127</u>
From General Fund:					
State, Federal & Other Grants	\$ 8,259,829	\$ 8,971,448	\$ 9,635,483	\$ 9,924,547	\$ 10,222,284
Mental Health	18,619,120	21,065,137	22,616,394	23,294,886	23,993,732
Metro Aviation	135,362	165,832	165,832	165,832	165,832
Community Development Block Grant	154,942	0	0	0	0
Economic Development	2,134,127	0	0	0	0
Sports & Entertainment Authority	0	1,079,094	1,608,881	1,657,147	1,706,862
Social Services	6,782,909	9,900,182	10,962,276	11,291,144	11,629,879
Solid Waste	3,371,409	6,420,909	6,420,909	6,420,909	6,420,909
Subtotal From General Fund	<u>\$ 39,457,698</u>	<u>\$ 47,602,602</u>	<u>\$ 51,409,775</u>	<u>\$ 52,754,466</u>	<u>\$ 54,139,498</u>
(To) Special Revenue Fund Balance	(957,559)	1,222,995	0	0	0
(To) From Solid Waste Fund Balance	(1,275,920)	2,747,351	2,346,488	2,484,662	2,573,718
(To) From Street Light Fund Balance	(154,360)	0	0	0	0
Total Resources	<u>\$227,258,235</u>	<u>\$241,779,420</u>	<u>\$ 254,334,570</u>	<u>\$259,212,270</u>	<u>\$264,157,342</u>
Expenditures:					
School Cafeteria	\$ 24,588,845	\$ 28,013,829	\$ 33,504,084	\$ 33,839,125	\$ 34,177,516
School CSA	6,252,881	10,006,273	10,006,273	10,306,461	10,615,655
State, Federal & Other Grants	100,751,776	92,108,050	89,942,596	91,125,592	92,276,664
Economic Development Authority	2,134,127	0	0	0	0
Solid Waste	16,469,159	24,468,260	24,227,397	24,469,671	24,714,368
Street Lighting	72,988	100,000	100,000	100,000	100,000
Mental Health	45,067,198	52,094,788	58,423,783	60,142,057	61,911,878
Metro Aviation/Extradition	336,848	602,500	602,500	602,500	602,500
Social Services	31,584,413	33,488,720	36,630,937	37,729,865	38,861,761
Watershed/Best Management Practices	0	897,000	897,000	897,000	897,000
Total Expenditures	<u>\$227,258,235</u>	<u>\$241,779,420</u>	<u>\$ 254,334,570</u>	<u>\$259,212,270</u>	<u>\$264,157,342</u>
Ending Special Revenue Fund Balance:					
Schools	\$ 1,622,676	\$ 1,622,676	\$ 1,622,676	\$ 1,622,676	\$ 1,622,676
State, Federal & Other Grants, Forfeitures *	49,552,538	0	0	0	0
Economic Development Authority *	2,980,547	0	0	0	0
Solid Waste	20,561,726	17,814,375	15,467,887	12,983,225	10,409,507
Street Lighting	1,266,160	1,266,160	1,266,160	1,266,160	1,266,160
Total Fund Balance	<u>\$ 75,983,647</u>	<u>\$ 20,703,211</u>	<u>\$ 18,356,723</u>	<u>\$ 15,872,061</u>	<u>\$ 13,298,343</u>

* Forecast assumes miscellaneous grant appropriations will be spent by 6/30/24. Any unspent appropriations will be carried forward into FY25.