

# 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, recreation, libraries, and transfers to other funds (primarily to fund the County's debt service requirements, capital projects, and local matches to State and Federal Grant Programs.)

## REVENUE ASSUMPTIONS

- Local Tax Revenue represents Henrico County's principal source of local revenue.
- Real Property Taxes are estimated to generate \$532.0 million, or 34.6%, of the County's total General Fund revenue in FY26.
  - The FY26 budget is balanced within the tax rate of \$0.83 per \$100 of assessed value for CY25.
  - Assessment information for January 2025 indicates real estate assessments total \$64.1 billion, reflecting an increase of approximately \$4.8 billion, or 8.2%, from the January 2024 assessed values.
    - The increase was driven by reassessments with a residential growth of 8.1% and commercial growth of 2.2%.
  - 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 FY27 and FY28 projections assume increases in the County's real property tax collections of 5.0% and 3.0%, 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 \$176.5 million for FY26.
  - 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 4.0% in FY27 and 2.0% in FY28.
- 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.
    - Total Sales and Use Tax Levy is 6.0%, with 4.4% going to State operations and 0.6% to support the Central Virginia Transportation Authority.
  - Local Sales Tax revenue is projected to generate \$99 million in FY26, an increase of \$2.5 million, or 2.6%, from the current fiscal year budget.
  - Local Sales Tax revenues are projected to increase to \$101 million in FY27 and \$105 million in FY28.

- Business & Professional License (BPOL) Taxes are levied on businesses operating in the County.
  - For Henrico County businesses, the first \$1,000,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts.
  - The FY26 budget maintains a maximum uniform BPOL tax rate of \$0.20/\$100 of gross receipts for all business categories.
  - The FY27 and FY28 forecast estimates BPOL tax receipts will increase to a level of \$53 million and \$55 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 FY26, FY27, and FY28.
- 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 of 2.0% of the room cost for hotels with more than 40 rooms was levied and is intended 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.
  - FY26 revenue estimates for the Hotel/Motel Tax total \$20 million, which includes the Tourism Improvement District fee.
  - It is anticipated that revenues will not increase in FY26, increase by \$3.0 million in FY27, and increase by \$2.0 million in FY28 due to heightened Sports Tourism efforts.
- Meals Tax revenue will be earmarked for School’s operating, capital, and debt service needs.
  - The FY26 forecast totals \$35 million, no increase from FY25. This revenue is projected to remain flat for FY27 and FY28.
- Bank Franchise Taxes are derived from the taxation of net capital on banks located in the County. In FY25 Bank Franchise Taxes are estimated at \$4.5 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 remain just under \$7.4 million in FY26, \$8.2 million in FY27, and \$8.5 million in FY28.
- 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 FY26, Building Permit Fees are estimated to total \$8.5 million. The forecast for Permits, Fees and License revenues are projected to increase to \$9 million in FY27 and \$10 million in FY28.
- Fines and Forfeitures include revenue for traffic and parking violations, false alarm fees, and courthouse maintenance fees.
  - This category is estimated at just under \$1.7 million for FY26 and is projected to grow to \$1.8 million for FY27 and remain flat in FY28.
- Use of Money and Property includes receipts from the sale of County property and interest on County investments.
  - This is estimated to generate \$10.2 million in FY26 and is projected to grow to \$12 million in FY27 and \$15 million in FY28.
- 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 \$3.1 million in FY26 and is projected to increase by over \$360,00 in FY27 and by \$100,000 in FY28.

- Miscellaneous Revenue is estimated at \$6.6 million in FY26, a 18.4% decrease, and is projected to remain flat in FY27 and FY28.
- State and Federal revenue is estimated at \$546 million in FY26, which represents 35.5% of total General Fund revenue.
  - This is a projected increase of approximately 11.5% over the current fiscal year.
- State and Federal Aid to Education is expected to increase from \$383.1 million projected in FY25 to \$429.4 million in FY26.
  - The projection assumes an increase of 5.0% in FY27 and 4.0% in FY28.
- 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 \$116.7 million in FY26.
  - These are projected to increase 4.0% in FY27 and 3.0% in FY28.
- This forecast projects no Federal Aid to General Government in FY26 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 FY26, the Education budget represents 56.4% of General Fund expenditures.
- For General Government, spending is primarily spent within Public Safety, which received a total increase of \$22.9 million in FY26 funding.
- General Fund expenditures are forecasted to grow by 8.0% in FY26, 4.5% in FY27, and 3.3% in FY28.
- To (From) Debt Service Fund represents the forecast of General Fund support to the Debt Service Fund. The debt service levels through FY28 are calculated on new, existing, and projected debt service requirements.
- To (From) Capital Projects is projected at \$83.3 million for FY26 for pay-as-you-go projects. Projections for anticipated capital projects in FY27 are \$79.8 million and in FY28 are \$77.1 million.
- 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 FY26 estimate of these costs is \$8.2 million, the same is projected for FY27 and FY28 .
- To (From) Risk Management Fund is the transfer of funds to support risk management operations.
  - The FY26 transfer is for \$9.8 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 \$11.1 million in FY27 and \$12.5 million in FY28 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 \$54.1 million in FY26.
  - The projections over the forecast period are \$55.5 million in FY27 and \$57.0 million in FY28 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 \$4.3 million for FY26 increasing to \$4.5 million in FY27 and \$4.7 million in FY28.
- (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 FY26 through FY28 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 FY26, FY27, and FY28 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 FY26 remain at \$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 3 areas: Capital Projects, Capital Reserves (including Meals Tax exclusively for education), and Pedestrian Improvements.
  - Funding decreases from \$51.6 million in FY26 to \$45.0 million in both FY27 and FY28.
- 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 and 2022 referenda.
  - FY26 includes \$6.7 million for operating costs related to Virginia Randolph, Glover Park, and multiple other projects.
  - FY27 includes \$3.7 million for operating costs related to Longan and Davis Elementary Schools, HCPS Environmental Education and Living Building, Firehouse #6, Firehouse #1, Tuckahoe Park, Tuckahoe Creek Park
  - FY28 includes \$1.3 million for operating costs related to Quioccasin Middle School, and the Animal Adoption Center.
- 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 FY26, FY27, and FY28.

## GENERAL FUND FORECAST

### General Fund Forecast

	FY24	FY25	FY26	FY27	FY28
	Actuals	Approved	Forecast	Forecast	Forecast
<b>Revenues:</b>					
Current Real Estate Tax	\$ 481,116,837	\$ 501,000,000	\$ 532,000,000	558,600,000	575,400,000
P.S. Real Estate Tax	13,069,281	12,000,000	13,000,000	13,000,000	13,000,000
Current Personal Prop. Tax (1)	121,859,880	156,000,000	176,500,000	183,600,000	187,300,000
P.S. Personal Property Tax	58,853	50,000	50,000	50,000	50,000
Other General Property Tax	29,613,471	16,500,000	16,500,000	19,000,000	19,000,000
Local Sales Tax	93,070,497	96,500,000	99,000,000	101,000,000	105,000,000
Business License Tax	51,344,294	49,500,000	50,000,000	53,000,000	55,000,000
Motor Vehicle License Tax	7,605,910	7,500,000	7,500,000	7,500,000	7,500,000
Consumer Utility Tax	2,856,625	2,000,000	2,000,000	2,000,000	2,000,000
Bank Franchise Tax	7,433,315	4,500,000	4,500,000	4,500,000	4,500,000
Hotel/Motel Tax	19,153,754	20,000,000	20,000,000	23,000,000	24,000,000
Food & Beverage (Meals) Tax	40,196,892	35,000,000	35,000,000	35,000,000	35,000,000
Other Local Taxes	10,174,768	7,360,000	7,360,000	8,200,000	8,500,000
<b>Local Taxes Sub-Total</b>	<b>877,554,377</b>	<b>907,910,000</b>	<b>963,410,000</b>	<b>1,008,450,000</b>	<b>1,036,250,000</b>
Permits, Fees, & Licenses	15,910,984	8,538,000	8,503,000	9,000,000	10,000,000
Fines & Forfeitures	1,636,205	1,675,000	1,675,000	1,800,000	1,800,000
Use of Money & Property	48,235,075	10,233,500	10,158,500	12,000,000	15,000,000
Charges for Services	3,631,489	3,217,000	3,127,500	3,500,000	3,600,000
Miscellaneous Revenue	14,832,190	8,122,500	6,627,500	6,627,500	6,627,500
<b>Total Local Revenue</b>	<b>961,800,320</b>	<b>939,696,000</b>	<b>993,501,500</b>	<b>1,041,377,500</b>	<b>1,073,277,500</b>
State & Federal-Schools	377,064,427	383,135,000	429,410,000	450,900,000	468,900,000
State & Federal-General Government <sup>(1)</sup>	155,990,968	106,407,000	116,672,000	121,300,000	124,900,000
	<b>533,055,395</b>	<b>489,542,000</b>	<b>546,082,000</b>	<b>572,200,000</b>	<b>593,800,000</b>
<b>Total Revenue</b>	<b>\$ 1,494,855,715</b>	<b>\$ 1,429,238,000</b>	<b>\$ 1,539,583,500</b>	<b>\$ 1,613,577,500</b>	<b>\$ 1,667,077,500</b>

<sup>(1)</sup> 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. FY24 actual = \$37,001,783. Forecast period FY25 thru FY28 equal \$37,000,000.

### Transfers:

(To) From Debt Service Fund	\$ (77,631,422)	\$ (86,988,636)	\$ (89,270,296)	\$ (92,495,000)	\$ (95,225,000)
(To) From Capital Projects Fund	(127,326,079)	(67,544,000)	(83,298,000)	(79,848,000)	(77,098,000)
(To) From Enterprise Fund	(7,150,312)	(8,150,250)	(8,152,500)	(8,152,500)	(8,152,500)
(To) From Risk Management Fund	(12,453,718)	(9,790,984)	(9,824,995)	(11,119,745)	(12,564,535)
(To) From CAM	(729,003)	(924,779)	(359,000)	(350,000)	(350,000)
(To) From Technology Replacement	(3,500,000)	(4,000,000)	(4,000,000)	(4,500,000)	(4,500,000)
(To) From Special Revenue Fund	(42,681,171)	(51,409,775)	(54,063,460)	(55,487,762)	(56,954,792)
(To) From JRJDC Agency Fund	(3,805,410)	(4,033,735)	(4,275,757)	(4,489,545)	(4,714,022)
(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	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Use of Fund Balance - Capital Projects	-	25,200,000	32,500,000	32,500,000	32,500,000
Use of Fund Balance - Sidewalks	-	2,500,000	2,500,000	2,500,000	2,500,000
Use of Fund Balance - Designated Capital Reserve	-	4,496,000	16,600,000	10,000,000	10,000,000
Use of Fund Balance - Vehicle Replacement Reserve	-	13,500,000	13,500,000	13,500,000	13,500,000
Use of Fund Balance - Employee Retention Reserve	-	2,000,000	2,000,000	2,000,000	2,000,000
Use of Fund Balance - Henrico Investment Program	-	750,000	-	-	-
Use of Fund Balance - Recycling Cart Reserve	-	1,550,500	-	-	-
(To) From Fund Balance - Federal Position Reserve	-	5,772,152	-	-	-
From Sinking Fund	-	5,151,907	6,744,084	3,650,000	1,300,000
(To) Fund Balance - General Fund	(24,527,873)	-	-	-	-
<b>Total Transfers</b>	<b>\$ (304,379,988)</b>	<b>\$ (174,496,600)</b>	<b>\$ (183,974,924)</b>	<b>\$ (196,867,551)</b>	<b>\$ (202,333,849)</b>
<b>Total Resources</b>	<b>\$ 1,190,475,727</b>	<b>\$ 1,254,741,400</b>	<b>\$ 1,355,608,576</b>	<b>\$ 1,416,709,949</b>	<b>\$ 1,464,743,651</b>

### Expenditures:

General Government Administration	\$ 75,177,019	\$ 77,851,530	\$ 86,183,129	\$ 89,630,454	\$ 92,319,368
Judicial Administration	12,697,018	13,176,242	14,462,321	14,751,567	15,046,599
Public Safety	269,698,514	275,366,673	298,286,654	310,318,120	319,927,664
Public Works	60,316,072	64,612,803	69,966,173	72,764,820	74,947,765
Public Health	3,211,130	3,067,830	3,096,073	3,157,994	3,221,154
Education	657,962,895	704,044,092	764,057,068	801,932,951	831,463,939
Recreation, Parks, & Culture	48,151,317	54,048,086	57,508,347	59,808,681	61,602,941
Community Development	35,187,630	36,620,747	37,704,396	39,212,572	40,388,949
Miscellaneous	28,074,132	25,953,397	24,344,415	25,132,789	25,825,272
<b>Total Expenditures</b>	<b>\$ 1,190,475,727</b>	<b>\$ 1,254,741,400</b>	<b>\$ 1,355,608,576</b>	<b>\$ 1,416,709,949</b>	<b>\$ 1,464,743,651</b>

### Fund Balance:

Restricted	4,700,015	5,000,000	5,000,000	5,000,000	5,000,000
Assigned (*)	293,770,865	242,850,306	215,006,222	190,856,222	171,056,222
Unassigned Fund Balance	181,969,385	188,211,210	203,341,286	212,506,492	219,711,548
<b>Total Fund Balance</b>	<b>\$ 480,440,265</b>	<b>\$ 436,061,516</b>	<b>\$ 423,347,508</b>	<b>\$ 408,362,714</b>	<b>\$ 395,767,770</b>

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