

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 FY26 is \$266,262,712, which represents an increase of \$11.9 million, or 4.7%, 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 FY26 are estimated at \$35.2 million, which reflects a 5.9% increase over FY25. The FY27 and FY28 revenue estimates reflect projected increases of 3.0 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 FY26 totals \$81.6 million. This represents a 2.6% increase from the approved FY25 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 FY27 and FY28 each reflect annual increases in revenues of 3.0 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 FY26 is \$6,420,909, which is unchanged from the amount in the FY25 budget. The transfer is projected to remain flat in FY27 and FY28.
 - **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 \$37,574,819 for FY26. State and federal

revenues are projected to be \$18,080,803 and the estimate for various fees and miscellaneous revenues is \$19,209,016. Additionally, Henrico is budgeted to receive a total of \$285,000 of fee revenues from Charles City and New Kent counties. A 3.0% increase in Mental Health revenues is projected for both FY27 and FY28.

- 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 FY26, FY27, and FY28.
 - **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 FY26 total \$37,334,728, of which \$10,006,273 is directed toward CSA. A 3.0 percent increase in revenues is projected for both FY27 and FY28, based on anticipated increases in State and Federal funding.
 - The budget for **opioid abatement priorities** is appropriated on an at-need basis as funds are disbursed by the Opioid Abatement Authority, upon the receipt of grant funding, or as needs are identified. 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.
- **(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.
 - FY26 transfer of \$54,063,460 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 \$11,858,605. The remaining transfers are distributed as follows: \$165,832 for the Metro Aviation Unit; \$6,420,909 in support of Solid Waste programs; \$11,868,114 in local support of Social Services; and \$23,750,000 for Mental Health. The total transfer from the General Fund is projected to increase to \$55,487,762 in FY27 and \$56,954,792 in FY28.
 - **(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 \$3,998,538 from the Solid Waste Fund balance. The forecast for FY27 and FY28 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 FY24 and there is no planned use of the fund balance during the forecast period.
 - Expenses:
 - The development of the FY26 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 2.8 percent in both FY27 and FY28. The 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 FY25 through FY28. 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

Special Revenue Fund Forecast

	FY24 Actual	FY25 Original	F26 Forecast	F27 Forecast	F28 Forecast
Revenues:					
School Cafeteria	\$ 29,017,786	\$ 33,197,514	\$ 35,164,498	\$ 36,219,433	\$ 37,306,016
State, Federal & Other Grants	90,421,084	79,516,468	81,634,095	84,083,118	86,605,611
Asset Forfeitures	538,803	-	-	-	-
Donations	34,376	-	-	-	-
Revenue from Local Sources	-	250,000	250,000	250,000	250,000
Sheriff Commissary Fund	76,483	-	-	-	-
Solid Waste	15,350,715	15,460,000	15,460,000	15,614,600	15,770,746
Street Lighting	157,179	100,000	100,000	100,000	100,000
Mental Health	32,851,057	34,659,394	37,574,819	38,702,064	39,863,125
Metro Aviation/Extradition	358,365	436,668	436,668	436,668	436,668
Social Services & CSA	33,693,210	35,674,934	37,334,728	38,454,770	39,608,413
Opioid Settlement Payments	492,857	79,759	-	-	-
Watershed/Best Management Practices	1,220	897,000	-	-	-
Subtotal Revenues	\$202,993,135	\$200,271,737	\$ 207,954,808	\$213,860,652	\$219,940,580
From General Fund:					
State, Federal & Other Grants	\$ 7,552,276	\$ 9,635,483	\$ 9,909,232	\$ 10,206,509	\$ 10,512,704
Mental Health	15,228,226	22,616,394	23,750,000	24,462,500	25,196,375
Metro Aviation	1,423,757	165,832	165,832	165,832	165,832
Sports & Entertainment Authority	2,745,564	1,608,881	1,949,373	2,007,854	2,068,090
Social Services	9,310,439	10,962,276	11,868,114	12,224,157	12,590,882
Solid Waste	6,420,909	6,420,909	6,420,909	6,420,909	6,420,909
Subtotal From General Fund	42,681,171	51,409,775	54,063,460	55,487,762	56,954,792
(To) From Special Revenue Fund Balance	4,717,195	-	-	-	-
(To) From Mental Health Fund Balance	4,566,132	-	-	-	-
(To) From School Cafeteria Fund Balance	(324,931)	306,570	245,906	-	-
(To) From Solid Waste Fund Balance	(629,173)	2,346,488	3,998,538	4,153,232	4,258,974
(To) From Street Light Fund Balance	(83,494)	-	-	-	-
Total Resources	\$253,920,035	\$254,334,570	\$ 266,262,712	\$273,501,646	\$281,154,346
Expenditures:					
School Cafeteria	\$ 28,692,855	\$ 33,504,084	\$ 35,410,404	\$ 36,219,433	\$ 37,306,016
School CSA	12,883,023	16,006,273	16,006,273	16,486,461	16,981,055
State, Federal & Other Grants	97,206,998	85,040,591	87,692,700	95,399,486	98,288,410
Economic Development Authority	4,542,400	-	-	-	-
Solid Waste	21,142,451	24,277,397	25,929,447	26,188,741	26,450,629
Street Lighting	73,685	100,000	100,000	100,000	100,000
Mental Health	52,645,415	57,275,788	61,324,819	64,312,559	66,207,495
Metro Aviation/Extradition	1,782,122	602,500	602,500	602,500	602,500
Social Services	34,949,866	36,630,937	39,196,569	34,192,466	35,218,240
Watershed/Best Management Practices	1,220	897,000	-	-	-
Total Expenditures	\$253,920,035	\$254,334,570	\$ 266,262,712	\$273,501,646	\$281,154,346
Ending Special Revenue Fund Balance:					
Schools	\$ 8,725,780	\$ 8,419,210	\$ 8,173,304	\$ 8,173,304	\$ 8,173,304
State, Federal & Other Grants, Forfeitures *	47,377,140	-	-	-	-
Economic Development Authority *	(611,853)	-	-	-	-
Solid Waste	21,174,857	18,828,369	14,829,831	10,676,599	6,417,625
Street Lighting	1,349,657	1,349,657	1,349,657	1,349,657	1,349,657
Total Fund Balance	\$ 78,015,581	\$ 28,597,236	\$ 24,352,792	\$ 20,199,560	\$ 15,940,586

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