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 FY27 is $273,915,215, which represents an increase of $7.7 million, or 2.9%, 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 FY27 are estimated at $35.5 million, which reflects a 0.9% increase over FY26. The FY28 and FY29 revenue estimates reflect projected increases of 3.0 percent and 4.0 percent respectively 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 FY27 totals $82.6 million. This represents a 1.2% increase from the approved FY26 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 FY28 and FY29 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 FY27 is $6,420,909, which is unchanged from the amount in the FY26 budget. The transfer is projected to increase 16.4% in FY28 and 5% in FY29 based on anticipated growth in operations and costs.

  - 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 remain flat 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 $39,101,656 for FY27. State and federal revenues are projected to be $18,927,279 and the estimate for various fees and miscellaneous revenues is $19,867,377. Additionally, Henrico is budgeted to receive a total of $307,000 of fee revenues from Charles City and New Kent counties. A 3.0% and 4% increase in Mental Health revenues is projected for FY28 and FY29 respectively.

  - 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 $197,500 in FY27, $201,450 in FY28, and $203,465 FY29.

  - 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. The Social Services revenues for FY27 total $23,996,882. A 3.0 percent and 4 percent increase in revenues is projected for FY28 and FY29 respectively, based on anticipated increases in State and Federal funding.

  - The Children's Services Act (CSA) mandated programs that assists at-risk youth and families. CSA revenues for FY27 total $14,155,016 for FY27. A 3.0% and 4% increase in revenues is projected for FY28 and FY29 respectively.

  - 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.

- (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.

  - FY27's transfer of $56,301,441 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 $12,113,825. The remaining transfers are distributed as follows: $197,500 for the Metro Aviation Unit; $6,420,909 in support of Solid Waste programs; $12,669,180 in local support of Social Services; and $24,900,027 for Mental Health. The total transfer from the General Fund is projected to increase to $57,941,143 in FY28 and $58,803,074 in FY29.

- (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 FY27 anticipates the use of $4,663,400 from the Solid Waste Fund balance. The forecast for FY28 and FY29 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 FY25 and there is no planned use of the fund balance during the forecast period.
- Expenses:
    - The development of the FY27 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 2.9 percent and 2.8 percent in FY28 and FY29 respectively. 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 FY26 through FY29. 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

	FY25 Actual	FY26 Original	F27 Forecast	FY28 Forecast	FY29 Forecast
Revenues:					
School Cafeteria	29,238,940	35,164,498	35,487,129	36,551,743	38,013,813
State, Federal & Other Grants	77,623,932	81,634,095	82,632,772	85,111,755	87,665,108
Asset Forfeitures	858,869	0	0	0	0
Donations	8,700	0	0	0	0
Revenue from Local Sources	0	250,000	319,860	319,860	319,860
Sheriff Commissary Fund	26,955	0	0	0	0
Solid Waste	16,154,168	15,460,000	17,328,416	18,021,553	18,922,630
Street Lighting	395,831	100,000	100,000	100,000	100,000
Mental Health	37,327,268	37,574,819	39,101,656	40,274,706	41,885,694
Metro Aviation/Extradition	413,492	436,668	495,000	495,000	495,000
Social Services	22,797,614	23,161,647	23,996,882	24,716,788	25,705,460
Children's Services Act	13,523,197	14,173,081	14,155,016	14,579,666	15,162,853
Opioid Settlement Payments	749,628	0	0	0	0
Watershed/Best Management Practices	88,009	0	0	0	0
	199,206,603	207,954,808	213,616,731	220,171,071	228,270,418
From General Fund:					
State, Federal & Other Grants	3,589,855	3,909,232	3,835,554	3,912,265	3,951,388
Mental Health	20,659,006	23,750,000	24,900,027	25,398,028	25,652,008
Metro Aviation	107,243	165,832	197,500	201,450	203,465
Sports & Entertainment Authority	2,227,163	1,949,373	2,278,271	2,323,836	2,347,075
Social Services	6,762,059	8,701,488	9,461,998	9,651,238	9,747,750
Children's Services Act	10,261,861	9,166,626	9,207,182	9,391,326	9,485,239
Solid Waste	6,420,909	6,420,909	6,420,909	7,471,643	7,845,225
	50,028,096	54,063,460	56,301,441	58,349,786	59,232,149
(To) From Special Revenue Fund Balance	15,633,083	0	0	0	0
(To) From School Cafeteria Fund Balance	-393,345	245,906	-666,357	0	0
(To) From Solid Waste Fund Balance	2,494,297	3,998,538	4,663,400	3,254,157	2,266,970
(To) From Street Light Fund Balance	-331,770	0	0	0	0
	266,636,964	266,262,712	273,915,215	281,775,014	289,769,537
Expenditures:					
School Cafeteria	28,845,595	35,410,404	34,820,772	36,551,743	38,013,813
School Children's Services Act	14,189,959	16,006,273	16,006,273	16,486,461	16,981,055
State, Federal & Other Grants	86,028,920	87,692,700	89,016,457	90,519,722	93,135,435
Economic Development Authority	14,689,265	0	0	0	0
Solid Waste	25,069,374	25,929,447	28,462,725	28,747,352	29,034,826
Street Lighting	64,061	100,000	100,000	100,000	100,000
Mental Health	57,986,274	61,324,819	64,001,683	66,820,728	68,685,697
Metro Aviation/Extradition	520,735	602,500	692,500	696,450	698,465
Social Services	29,559,673	31,863,135	33,458,880	34,368,026	35,453,210
General Govt. Children's Services Act	9,595,099	7,333,434	7,355,925	7,484,531	7,667,037
Watershed/Best Management Practices	88,009	0	0	0	0
	266,636,964	266,262,712	273,915,215	281,775,014	289,769,537
Ending Special Revenue Fund Balance:					
Schools	14,845,451	14,599,545	15,265,902	15,265,902	15,265,902
State, Federal & Other Grants, Forfeitures *	50,151,071	0	0	0	0
Economic Development Authority *	-991,110	0	0	0	0
Solid Waste	18,572,025	14,573,487	9,910,087	6,655,930	4,388,960
Street Lighting	1,681,427	1,681,427	1,681,427	1,681,427	1,681,427
	84,258,864	30,854,459	26,857,416	23,603,259	21,336,289

*Forecast assumes miscellaneous grant appropriations will be spent by 6/30/25. Any unspent appropriations will be carried forward into FY26.