

ENTERPRISE FUND – WATER & SEWER: THREE YEAR FORECAST REVENUES AND EXPENDITURES

DESCRIPTION

Enterprise Funds account for operations funded and operated in a manner similar to private business enterprises, where the intent of the county is to recover, through user charges, the cost of providing services to users of the service.

The Water and Sewer Enterprise Fund (Fund 51) accounts for the provision of water and sewer services to residents of Henrico County, and wholesale service to Hanover and Goochland Counties. All activities necessary to provide such services are accounted for in the respective fund, including operations, maintenance, construction, financing, and related debt service.

Until December 2020, Belmont Park Golf Course Enterprise Fund (Fund 52) accounted for the operations of Belmont Park Golf Course. Since that date, operations for Belmont Golf Course have been turned over to First Tee of Richmond. Due to the change in operations and funding, a forecast for Belmont Golf Course is no longer included.

The three-year forecast narrative of revenues and expenditures has been prepared for the Water and Sewer Enterprise Fund using the same basic framework as the General Fund.

ASSUMPTIONS

- Revenues are forecasted with increases in customer growth necessary to keep pace with routine operating costs, expansion, and rehabilitation of infrastructure.
- Forecasted revenues also satisfy the requirements of the county's revenue bond covenants for current and future debt issues.
- Revenue sources are primarily user chargers such as sale of water and sewer service and water and sewer connection fees.
- General Fund transfers support the debt service on the portion of \$32,000,000 subordinated Water and Sewer Revenue bonds sold in FY98 to fund the infrastructure improvements of the Elko Tract in eastern Henrico County (these bonds were refunded in FY10). The last debt payment for the Elko Tract infrastructure improvements will be in FY28.

- Additional funding for \$1,000,000 to assist new customers with the cost of connecting to the Water and Sewer system and \$2,000,000 from the General Fund is to support water and sewer related to economic development projects.
- Expenditures in this forecast represent total operating costs for providing water and sewer services to County residents including infrastructure maintenance, operation of the water and sewer systems, and debt service on bond issues.
- The capital budget expenditures for the forecast years include projects planned in the future years listed in the Capital Projects Fund section of this budget document.
- Capital Budget revenues are one of two sources: proceeds from the sale of revenue bonds or transfers from operations revenues to support costs related to system rehabilitation, expansion, and improvement.

WATER & SEWER ENTERPRISE FUND FORECAST

Water & Sewer Enterprise Fund Forecast

	<u>FY25 Actual</u>	<u>FY26 Original</u>	<u>FY27 Forecast</u>	<u>FY28 Forecast</u>	<u>FY29 Forecast</u>
Water & Sewer Operations Subfund					
Revenues:					
Sale of Water	\$ 81,374,767	\$ 76,500,000	\$ 81,243,000	\$ 85,305,150	\$ 89,570,408
Water Connection Fees	10,470,402	5,095,000	6,095,000	5,075,834	5,075,834
Sale of Sewer Services	77,954,193	75,000,000	79,650,000	83,632,500	87,814,125
Sewer Connection Fees	12,470,687	6,114,000	7,114,000	7,327,420	7,327,420
Miscellaneous Revenue	28,767,251	4,403,000	6,830,000	7,034,900	7,245,947
Transfer from General Fund	8,150,250	8,152,500	5,152,500	8,152,500	8,152,500
Total Revenue	\$ 219,187,550	\$ 175,264,500	\$ 186,084,500	\$ 196,528,304	\$ 205,186,234
Expenditures:					
Personnel	\$ 30,640,542	\$ 34,399,773	\$ 35,776,136	\$ 37,207,181	\$ 38,695,469
Operating	57,959,977	64,170,830	64,890,331	66,188,138	67,511,900
Capital Outlay	2,467,694	2,138,300	2,267,800	2,313,156	2,359,419
Sub-Total	91,068,213	100,708,903	102,934,267	105,708,475	108,566,788
Debt Service	32,565,146	36,149,168	35,153,897	38,574,131	39,887,017
Total Expenditures	\$ 123,633,359	\$ 136,858,071	\$ 138,088,164	\$ 144,282,606	\$ 148,453,805
Results of Operations (Prior to Capital Expenses)	95,554,191	38,406,429	47,996,336	52,245,698	56,732,428
Budget For Capital Use (Below)	85,135,988	111,800,000	73,450,000	170,800,000	185,300,000

Capital Budget Expenditures					
	<u>FY25 Actual</u>	<u>FY26 Original</u>	<u>FY27 Forecast</u>	<u>FY28 Forecast</u>	<u>FY29 Forecast</u>
Approved Capital Projects	\$ -	\$ 198,050,000	\$ 134,850,000	\$ 170,800,000	\$ 185,300,000
Continuing Capital Projects (Previously Approved) ⁽¹⁾	85,135,988	-	-	-	-
Total Capital	\$ 85,135,988	\$ 198,050,000	\$ 134,850,000	\$ 170,800,000	\$ 185,300,000
Capital Budget Resources					
Water and Sewer Revenues	\$ 85,135,988	\$ 111,800,000	\$ 73,450,000	\$ 170,800,000	\$ 185,300,000
Water and Sewer Fund Balance	-	86,250,000	61,400,000	-	-
Total Capital Budget Resources	\$ 85,135,988	\$ 198,050,000	\$ 134,850,000	\$ 170,800,000	\$ 185,300,000

Notes:

⁽¹⁾ This number plus the budget figure reflects Utilities estimate of capital spending from previously Board approved capital projects. FY25 represents actual spending, as per the 2025 audit.

Note: Fund Equity as of June 30, 2025 was \$178,127,546.