

PERFORMANCE MEASURES

	FY23	FY24	FY25	Change 24 to 25
Workload Measures				
Parcels of Land Reviewed	120,742	121,476	122,200	724
Vehicles Assessed	403,196	401,448	402,000	552
Business License Payments	4,476	4,618	4,650	32
Cashier Transactions Per Teller/Day	65	65	65	-
Accounts Payable Transactions	175,258	260,000*	190,000	(70,000)
Credit and Debit Card Transactions	425,703	435,000	450,000	15,000
REAP Applicants	6,265	6,277	6,300	23
Electronic Check Payments	308,520	318,000	320,000	2,000
Tax Bills Generated	801,626	826,626	832,000	5,374
Effectiveness Measures				
G.O. Bond Ratings				
Standard & Poor's	AAA	AAA	AAA	N/A
Moody's	Aaa	Aaa	Aaa	N/A
Fitch	AAA	AAA	AAA	N/A
Number of Years - GFOA Award for Budget	33	34	35	1
Number of Years - GFOA Award for ACFR	43	44	45	1
Number of Years - GFOA Award for PAFR	4	5	6	1

* Includes Real Estate Tax Relief Rebates

OBJECTIVES (CONTINUED)

- To procure goods and services required by County departments and schools at the lowest price, in a legally responsible manner.
- To protect the County's financial resources from losses through the management of risks and administration of claims.
- To encourage the education and career development of all Department employees.
- To promote the most innovative technologies available to enhance financial service delivery, information management, and customer service.
- To compassionately administer tax relief and exemption programs for special populations, including the Real Estate Advantage Program (REAP), Real Estate Cap (RECAP,) and disabled veteran exemption.

BUDGET HIGHLIGHTS

The Department of Finance's budget for FY25 totals \$19,919,006 representing an overall increase of \$1,798,416 or 9.9%, compared to FY24. This increase is attributed to a \$1,537,824 increase to personnel costs as an effect of rising employee salary, healthcare, and benefit costs as well as the addition of funding for a temporary position to assist in the transport of surplus inventory within the purchasing division.

The budget also includes a \$260,592 operating increase factoring for rising postage costs, an increase to contractual obligations, software increases, training increases, and an increase for continuing education for finance employees.

DEPARTMENT HIGHLIGHTS

During FY24, the Department of Finance again received recognition from the Government Finance Officers Association for the Annual Fiscal Plan and the Annual Comprehensive Financial Report. The Department of Finance also received its fourth award for its Popular Annual Financial Report.

In addition to sound fiscal planning, Henrico County also makes every effort to operate in a fiscally conservative fashion by maximizing efficiencies, prudently managing resources, and planning for ever changing economic conditions. In September 2023, in response to substantial growth in residential real estate valuations over the past 3 fiscal years, the County issued a tax relief credit equivalent to \$0.02/\$100 of assessed value. This relief returned nearly \$11 million back to Henrico property owners. This was in addition to the implemented tax relief programs that reduced the Real Estate tax rate 2 cents in 2022, provided a refund worth \$0.02/\$100 of assessed value on real estate by check in 2022, and provided a credit worth \$0.52/\$100 assessed value on the personal property bills for qualifying vehicles in 2022. The County also reduced the vehicle personal property tax rate for qualifying vehicles by \$0.10 from \$3.50 to \$3.40 per \$100 of assessed value.

Furthermore, the County approved an additional tax relief program for seniors and permanently disabled homeowners. The Real Estate Cap program, RECAP, will cap Real Estate taxes at the amount paid immediately before entry to the program. Individuals over the age of 65 or totally and permanently disabled individuals who have a taxable net income under \$105,000 and a net worth (excluding their primary residence) under \$700,000 qualify for this program. Even if assessed values increase, those who qualify and remain eligible for RECAP would not pay more than the base year tax, established the year before they enter the program. Applications for RECAP will be available beginning in January 2024, and marketing efforts for both REAP and RECAP are underway.

The County continues to conservatively estimate revenues and minimize expenditures without compromising service delivery. In any economic environment, fiscal prudence, combined with proactive and pragmatic fiscal management, is of absolute necessity. Finance department staff continue to monitor the unique post-pandemic economic trends that impact revenue collection, expenditure requirements, investment opportunities, and debt management. Henrico County continues to examine the processes by which it conducts business to more cost effectively provide valuable services to citizens. This examination has led the County's departments and agencies, including Finance, to streamline operations, identify cost savings, and implement efficiency measures to maximize the value of taxpayer dollars.

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ADMINISTRATION

The Administration function oversees all activities of the Finance Department with the Director of Finance establishing the policies and procedures under which the Department operates. The administrative staff is responsible for the issuance of all County debt and maintains all debt issuance records as well as handling all subsequent reviews or filings related to that debt. The Administration staff also monitors the County's investments and administers the County's Investment and Cash Management Guidelines.

REAL ESTATE ASSESSMENT

The Real Estate Assessment Division is responsible for the review and reassessment of all real property in Henrico County, in conformance with the standards of Market Value and Uniformity as mandated by Article X of the Constitution of Virginia, Title 58.1 of the Code of Virginia, and the County Manager Act within Title 15.2 of the Code of Virginia. Henrico County reassesses real property annually using a Computer Assisted Mass Appraisal (CAMA) system. Changes in assessed value are based on actions of buyers and sellers in the local real estate market. The Real Estate Assessment Division maintains accurate and up-to-date records on each parcel of real estate in the County. These records reflect uniform, comprehensive, and descriptive data relative to location, improvements, ownership, sales information, and assessed value.

The Real Estate Assessment Division is responsible for tracking all changes in assessed value including reassessment and new construction. Staff also provide valuation recommendations and administrative support to the Board of Real Estate Review and Equalization. New subdivisions, parcel splits, parcel combinations, deeds, wills, and other transactions recorded in the Clerk's Office of the Circuit Court of Henrico County are received and processed by the Real Estate Assessment Division. Also, the Real Estate Assessment Division administers a countywide Partial Real Estate Tax Credit program (ReInvest) for qualifying rehabilitated properties. The Division manages a countywide Land Use program for the assessment of qualifying land based on agricultural, horticultural, forestry, or open-space use value rather than market value. The Real Estate Division is responsible for administering the Disabled Veteran Tax Exemption Program which exempts disabled veterans who are 100% totally and permanently disabled due to their service-connected disability from real estate taxes. The Division also administers the real estate tax exemption for the surviving spouses of the Armed Forces killed in action and certain persons killed in the line of duty up to the average assessed value.

REVENUE

The Revenue Division consists of two sections: Business and Vehicle. The Business section administers business license and business personal property taxes within the County along with a variety of other taxes, including the collection and monitoring of the meals tax and the portion of the Virginia sales and use tax attributable to Henrico County. The Vehicle section administers vehicle license and vehicle personal property taxes within the County, as well as a variety of other taxes. The Revenue Division assesses approximately 25,000 businesses for either license and/or business personal property taxes and roughly 400,000 vehicles for personal property taxes. The Division updates depreciation schedules for computers, furniture and fixtures, and machinery and tools as well as tax code and forms on the Internet.

The Revenue Division also ensures compliance with the Personal Property Tax Relief Act, offers state income tax assistance to citizens, and offers assistance to citizens through the REAP and RECAP Programs, which provide real estate tax relief for persons 65 years of age and older, or permanently and totally disabled persons, so long as they

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own and occupy their home. Eligibility for REAP is limited to a maximum net worth of \$500,000 and annual income of \$75,000. Those that meet these requirements may receive 100% relief up to a cap of \$3,200. There are over 6,000 REAP participants who were provided tax relief totaling \$12,407,012 in CY23.

ACCOUNTING

The Accounting Division has three operating sections: General Accounting, Payroll, and Accounts Payable. The General Accounting Section assigns and establishes all account coding, exercises internal controls over receipts and disbursements, records accounting transactions, prepares the County's Annual Comprehensive Financial Report, maintains inventory records of County property and fixed assets, maintains and supervises grants accounting and travel reimbursements, and complies with IRS arbitrage and rebate requirements. General Accounting also completes cash management reporting including bank and investment account reconciliations. The Payroll Section processes approximately 25,000 payroll direct deposits/checks per month. Payroll is responsible for recording payroll deductions, depositing taxes and deductions withheld, and completing required reporting of all payroll activity.

The Accounts Payable Section reviews documentation submitted with batches of invoices that have been entered into Oracle and received secondary approval. Accounts payable approves those batches for payment and processes check runs. Check runs include checks and ACH payments. Accounts Payable is also responsible for monitoring and administrating the County purchasing card program. The Accounting Division provides financial information for the County's annual external audit. The County consistently receives an unmodified, or clean, audit opinion, further illustrating the soundness and conservative nature of Henrico County's fiscal management.

TREASURY

The Treasury Division serves as the County's cashier and provides tellers at both the Western Government Center and the Eastern Government Center to collect taxes, fees, utility payments, and parking ticket payments. Treasury is also responsible for billing approximately 800,000 real estate and personal property tax accounts and dog license fees. Additional functions include billing and collection of delinquent taxes and fees, taxpayer assistance, and account maintenance. Treasury is divided into three distinct areas: Cash Operations, Receivables and Account Maintenance, and Delinquent Accounts Collections.

Treasury continues to expand billing and payment options for taxpayers and County customers. Payment methods at the government centers include cash, checks, credit and debit cards, and digital wallet options. Treasury offers several offsite payment methods to customers paying for County services, fees, and taxes by offering lockbox services, e-box services that take ACH payments, credit/debit cards by phone or the internet, electronic checks by phone or over the internet, off site cash payment locations, monthly ACH withdrawals, 24/7 drop boxes located conveniently at each government center, and in-person payments at the cashier windows at the government centers. A remote lockbox process is used to quickly deposit drop box payments for personal property and real estate taxes. Real estate and personal property tax bills are mailed in two installments, with due dates of June 5th and December 5th.

OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget (OMB) prepares and monitors the County's operating and capital budgets. This Division works closely with the County Manager's Office in monitoring current revenue collections and projecting future resources as a means of preparing a realistic but conservative budget for future fiscal years. Throughout the year, OMB maintains close contact with all operating departments to avoid deficit spending and to ensure the prudent use of County funds. In addition to preparing the budget, OMB conducts a comprehensive analysis of historic and current economic conditions in the County, culminating in the Financial Trends Monitoring System. This document, which is completed every fiscal year, considers multiple economic factors and financial information to identify past trends that aid in the derivation of statistical models to accurately forecast the future County economic health.

It is also the responsibility of the OMB to perform special projects and studies as necessary, as well as to conduct a thorough fiscal impact analysis of legislation proposed by the General Assembly. While Henrico County is not immune to changes in the economy, it mitigates the effects of adverse economic conditions through prudent and conservative fiscal policies. One of the many such proactive measures that the Board of Supervisors has implemented is to plan on a multi-year basis. This allows fiscal planning to be conducted more accurately, based on exhaustive analyses of current and anticipated revenues and expenditures, in a thoroughly prepared fashion.

PURCHASING

The mission of the Purchasing Division is to professionally procure all goods and services essential to Henrico County and Henrico County Public Schools, and to ensure the integrity and efficiency of the procurement process in an environment that is fair to all qualified suppliers. The goal of the Division is to provide overall direction, management, and oversight of the County's centralized procurement functions and the surplus property program. Operation of the Division is accomplished in accordance with the Virginia Public Procurement Act and the Henrico County Code.

The Division ensures that Small, Women-Owned, and Minority-Owned (SWaM) suppliers have the maximum practicable opportunity to participate in County procurement transactions by developing and executing procedures in support of the Board of Supervisors' SWaM Supplier Policy. The County continues to reinforce and strengthen its commitment to an inclusive supply chain for the purchase of goods, services, insurance, and construction. Being "Customer Focused, Performance Driven," the Division continues to focus on education for staff and outreach for suppliers.

RISK MANAGEMENT

Risk Management, included in the Internal Service Fund, and described further in a separate narrative, provides protection from accidental losses arising out of the County's General Government and Public Schools operations. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer and avoidance mechanisms. The division is responsible for the management of the self-insurance fund, excess insurance coverages, certificates of insurance for proof of insurance, and provides oversight of workers' compensation claim administration and the administration of auto, property, and liability claims. The Risk Management staff provides training and guidance to all County agencies and Henrico County Public Schools to help identify and manage operational risks to minimize potential loss and liabilities. Additionally, Risk Management works in collaboration with Workplace Safety and Emergency Management regarding loss prevention, safety training, and environmental concerns.