FINANCE

DESCRIPTION

The Director of Finance is charged by State law with all duties mandated for the constitutional offices of the Treasurer and Commissioner of Revenue as prescribed by the Code of Virginia §15.2-617, along with the preparation and administration of the County budget and the Annual Comprehensive Financial Report (ACFR). To accomplish these tasks, the Department is comprised of administration and seven divisions: Real Estate Assessment, Revenue (split into Business and Vehicle sections), Accounting, Treasury, the Office of Management and Budget, Purchasing, and Risk Management, which is budgeted within the Internal Service Fund. The mission of the Finance Department is to deliver customer focused financial stewardship for a better community.

OBJECTIVES

- To demonstrate exemplary customer service to all customers both internal and external.
- To provide accurate and accessible tax information for the citizens of Henrico County.
- To accurately and equitably assess all real estate and certain personal property located in the County.
- To review, assess, bill, and collect taxes, licenses, and fees in conformance with all local, state, and federal regulations.
- To maintain complete, accurate, and accessible accounting records for the County.
- To maintain the County's AAA bond ratings through sound financial management, the accurate recording of financial activity, and the timely preparation of the Annual Comprehensive Financial Report (ACFR).
- To prepare, administer, and monitor the operating and capital budgets of the County.
- 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.

ANNUAL FISCAL PLAN SUMMARY

Description	FY24 Actual	FY25 Original	FY26 Approved	Change 25-26
Personnel	$ 15,618,140	$ 17,624,708	$ 19,234,105	9.1%
Operation	2,359,723	2,291,723	2,732,791	19.2%
Capital	77,433	2,575	2,575	0.0%
Total	$ 18,055,296	$ 19,919,006	$ 21,969,471	10.3%
Personnel Complement	170	171*	172**	-

** Includes the mid-year addition of a Commercial Appraiser for the Real Estate division.*

*** Includes the addition of a Payroll System Administrator for the Accounting division.*

PERFORMANCE MEASURES

	FY24		FY25	FY26	Change 25-26
Workload Measures					
Parcels of Land Reviewed	121,476		122,648	123,500	852
Vehicles Assessed	406,527		406,096	407,000	904
Business License Payments	4,619		4,682	3,600	(1,082)
Cashier Transactions Per Teller/Day	60		59	59	-
Accounts Payable Transactions	242,017	*	180,000	182,000	2,000
Credit and Debit Card Transactions	526,176		555,800	612,500	56,700
REAP/RECAP Applicants	6,340		7,009	7,100	91
Electronic Check Payments	264,035		217,000	207,000	(10,000)
Tax Bills Generated	873,966		887,100	895,900	8,800
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	34		35	36	1
Number of Years - GFOA Award for ACFR	44		45	46	1
Number of Years - GFOA Award for PAFR	5		6	7	1

* Includes Real Estate Tax Relief Rebates

OBJECTIVES (CONTINUED)

- To compassionately administer tax relief and exemption programs for special populations, including the Real Estate Advantage Program (REAP), Real Estate Cap (RECAP,) and veteran and surviving spouse exemptions.

BUDGET HIGHLIGHTS

The Department of Finance's budget for FY26 totals $21,969,471 representing an overall increase of $2,050,465 or 10.3%, compared to FY25. This increase is attributed to a $1,609,397 increase in personnel costs as an effect of rising employee salary, healthcare, and benefit costs. It also includes the mid-year addition of a commercial appraiser in the Real Estate division, an increase to the Treasury division's overtime costs, and a Payroll System Administrator position to maintain the timely distribution of payroll and to support a requested ERP project's selection and implementation.

The budget includes a $441,068 operating increase for software contract escalators, increases in the cost of postal services, increases in warehouse rental fees associated with Purchasing, an anticipated increase in the County's audit contract and corresponding labor fees, the transfer of funding from the IT budget for the purchase of check stock and forms, and training fees associated with the addition of the Payroll System Administrator position.

DEPARTMENTAL HIGHLIGHTS

During FY25, the Department of Finance again received recognition from the Government Finance Officers Association (GFOA) for the Annual Fiscal Plan and the Annual Comprehensive Financial Report. The Popular Annual Financial Report (PAFR) is currently under review by the GFOA, but the County expects to receive the award once the review is complete. This would again place Henrico amongst an elite group of local governments receiving the GFOA's "Triple Crown", which recognizes excellence in all three documents.

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.

As a part of its prudent financial management, the County utilizes available opportunities to provide tax relief for citizens in a responsive and responsible manner. The County approved an additional tax relief program for seniors and permanently disabled homeowners. The Real Estate Cap program, RECAP, protects seniors from inflation by caping 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 qualified for this program in 2024. Even as assessed values increase, those who qualify and remain eligible for RECAP will not pay more than the base year tax, established the year before they enter the program. In September 2023, the County issued a second tax relief credit to real property taxpayers. Like the first credit in April 2022, this credit was equivalent to $0.02/$100 and provided to offset the substantial growth in residential real estate valuations over that same period. In addition, a credit equivalent to $0.52/$100 on the assessed value of qualifying vehicles was provided to offset personal property tax bills following a large increase in vehicle valuations as an effect of the pandemic.

The ability to offer some of the most generous tax relief programs in the Commonwealth stems from the sound management of the County's finances. In November 2022, County voters overwhelmingly approved a $511 million bond referendum to finance capital projects. In March 2024, all three of the major bond rating agencies reaffirmed Henrico's triple AAA bond ratings, citing the County's continued strong financial management. The County issued $114 million in the first round of bond authorization by the 2022 referendum.

The County continues to conservatively estimate revenues and minimize expenditures without compromising service delivery. Finance department staff continue to monitor the unique post-pandemic economic trends that impact revenue collection, expenditure requirements, investment opportunities, and debt management. County departments and agencies, including Finance, operate at a minimal expense, streamline operations where possible, identify cost savings, and implement efficiency measures to maximize the value of taxpayer dollars.

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 Real Estate Tax Advantage (REAP) and Real Estate Cap (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 own and occupy their home. Eligibility for REAP is limited to a maximum net worth of $500,000 and taxable income of $75,000. Those that meet these requirements may receive 100% relief up to a cap of $3,200. In May 2024, the Board of Supervisors increased the eligibility for RECAP to include those with a taxable income under $125,000 and net worth under $750,000. There are over 6,000 tax relief participants who were provided tax relief totaling $13,781,507 in CY24.

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, and prepares the County's Annual Comprehensive Financial Report. Accounting also maintains inventory records of County property and fixed assets, 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 unmodified, or clean, audit opinions, 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 analyze data that aids in the accurate forecasting of future economic trends.

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 budgetary and fiscal planning to anticipate changes 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 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, which is included in the Internal Service Fund section of the budget 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.