

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 Comprehensive Annual Financial Report (CAFR). To accomplish these tasks, the Department is comprised of administration and six divisions: Real Estate Assessment, Revenue (split into Business and Vehicle sections), Accounting, Treasury, Purchasing, and the Office of Management and Budget.

OBJECTIVES

- To continue the improvement of customer service for both internal and external customers.
- To provide convenient property tax information for the citizens of Henrico County.
- To assess all real estate and certain personal property located in the County.
- To review, assess, bill, and collect all taxes, licenses, and fees in the County in conformance with all local, state, and federal regulations.
- To maintain and complete accurate accounting records for the County.
- To maintain the County’s triple AAA bond ratings through sound financial management, the accurate recording of financial activity, and the timely preparation of the Comprehensive Annual Financial Report (CAFR).
- 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.

FISCAL YEAR 2021 SUMMARY

Annual Fiscal Plan

Description	FY19	FY20	FY21	Change 20 to 21
	Actual	Original	Approved	
Personnel	\$ 12,037,713	\$ 12,840,459	\$ 12,227,180	(4.8%)
Operation	1,362,899	1,509,078	1,477,364	(2.1%)
Capital	13,771	24,633	7,575	(69.2%)
Total	<u>\$ 13,414,383</u>	<u>\$ 14,374,170</u>	<u>\$ 13,712,119</u>	<u>(4.6%)</u>
Personnel Complement	163	163	163	-

PERFORMANCE MEASURES

	FY19	FY20	FY21	Change 20 to 21
Workload Measures				
Parcels of Land Reviewed	117,845	118,161	119,000	839
Vehicles Assessed	398,815	397,533	400,000	2,467
Business License Payments	6,174	5,428	6,500	1,072
Cashier Transactions Per Teller/Day	193	156	200	44
Budget Transfer Document Processed	1,533	1,600	1,600	0
Accounts Payable Transactions	210,091	211,791	213,491	1,700
Credit and Debit Card Transactions	298,593	120,555	300,000	179,445
REAP Applicants	6,235	6,277	6,500	223
Electronic Check Payments	236,725	91,947	238,000	146,053
Tax Bills Generated	771,563	53,665	780,000	726,335
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	29	29	30	1
Number of Years - GFOA Award for CAFR	36	36	37	1

OBJECTIVES (CONTINUED)

- To continue the commitment for 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 administer the Real Estate Tax Advantage Program (REAP) for the elderly and/or disabled.

BUDGET HIGHLIGHTS

The Department of Finance's budget for FY2020-21 totals \$13,712,119, representing an overall decrease of 4.6 percent from the previous approved budget. This decrease is due to the COVID-19 outbreak.

During FY2018-19, the Department of Finance again received recognition from the Government Finance Officers Association (GFOA) for the Annual Fiscal Plan and the Comprehensive Annual Financial Report (CAFR). The Department of Finance also publicized its first Popular Annual Financial Report (PAFR) which has been sent to the GFOA for awarding.

In addition to sound fiscal planning, Henrico County also makes every effort to operate in a conservative fashion by maximizing efficiencies, prudently managing resources, and engaging in special initiatives to ensure the appropriate

Finance

level of tax collection. One example is the County's proactive debt management, taking advantage of favorable interest rates to minimize costs through new debt issuances and debt refunding. Also, the County continues the practice of conservatively estimating revenues and minimizing expenditures without compromising service delivery. In any economic environment, fiscal prudence, combined with proactive and pragmatic fiscal management, is of absolute necessity. Even as local economic conditions improve, economic challenges continue in other areas especially with State funding, which means Henrico County must continue to examine the processes by which it conducts business in order to more cost effectively provide valuable services to citizens. This examination has led to the County's departments and agencies, including Finance, to streamline operations, identify cost savings, and implement efficiency measures to maximize the value of taxpayer's dollars. The Department has adopted many cost cutting and efficiency maximizing strategies that are consistent with the County's overall goal of continuing to provide exceptional services to citizens.

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 the 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. The Department of Finance has also assisted in the presentation of economic updates at numerous community forums and gatherings.

REAL ESTATE ASSESSMENT

The Real Estate Assessment Division is responsible for the review/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 employs an annual countywide reassessment program 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. Real Estate Assessment staff also provides valuation recommendations and administrative support to the Board of Real Estate Review and Equalization. New subdivisions, parcel splits/combinations, deeds, wills, etc. 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 for qualifying rehabilitated properties and 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.

REVENUE

The Revenue Division consists of two sections: Business and Vehicle. The business section administers business license and personal property taxes within the County along with a variety of other taxes, including the collection

Finance

and monitoring of the Meals Tax and the relevant portion of the Virginia Sales and Use Tax attributable to Henrico County. The Vehicle Section administers vehicle license and 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 375,000 vehicles for personal property taxes. The Division updates depreciation schedules for computer, 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 Program (REAP), which provides 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.

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 pre-audit control over receipts and disbursements, accumulates information to meet budget requirements, prepares the County's Comprehensive Annual Financial Report ("CAFR"), maintains inventory records of County property, maintains and supervises fixed assets, grants accounting, and complies with IRS arbitrage and rebate requirements. The Accounting division completes cash management reporting including bank reconciliations and the County's investment portfolio. The Payroll Section audits and approves payrolls, issues checks, records all payroll deductions, deposits taxes withheld, and completes required reporting of such activity.

The Accounts Payable Section verifies that expenditures are within the approved limits and exercises pre-audit control over expenditures and disbursement of funds. In addition, the Division processes approximately 25,000 payroll direct deposits/checks per month. The Accounting Division, in cooperation with other areas of Administration, also facilitates information and provides as-needed assistance in the County's annual external audit. The County audit assessment continues to be favorable, 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 (WGC) and the Eastern Government Center (EGC), to collect taxes and fees, as well as Department of Public Utilities (DPU), and parking ticket payments from citizens. Treasury is also responsible for the billing of real estate and personal property taxes as well as dog license fees. Additional functions include billing and collection of delinquent taxes and fees, taxpayer liaison, and account maintenance. The Treasury Division is divided into three distinct areas: Cash Operations, Receivables and Account Maintenance, and Delinquent Accounts Collections. Treasury implemented a career development plan for non-supervisory personnel to encourage retention and provide advancement opportunities. These efforts are one of the department's goals of becoming a high performing organization.

Treasury continues to expand billing and payment options for taxpayers and County customers. Payment methods at the government centers include cash, checks, pin-based debit cards and credit and pin-less debit cards. Treasury offers several offsite payment methods to customers paying for County services, fees and taxes by offering lockbox

Finance

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 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 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 Henrico County, culminating in the creation of 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 economic health of the County.

It is also the responsibility of the OMB to engage in special studies as they are deemed necessary, as well as conduct a thorough fiscal impact analysis of legislation proposed by the General Assembly. While Henrico County is clearly not immune to changes in the economy, it can mitigate 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 be conducted more accurately, based on exhaustive analyses of current and anticipated revenues and expenditures, in a thoroughly preparative 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 (HCPS), 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 Code of Virginia (Chapter 43, Title 2.2 Virginia Public Procurement Act) and the Code of the County of Henrico, Chapter 16.

The Division assures 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.

The lease for the Carolina Avenue facility was recently extended. Purchasing will pay an additional \$4,698 towards lease payments for the Carolina Avenue facility. Another portion is paid by schools.