

# Changing the Way Henrico Does Business

VML Conference  
October 3, 2011

County of Henrico, Virginia





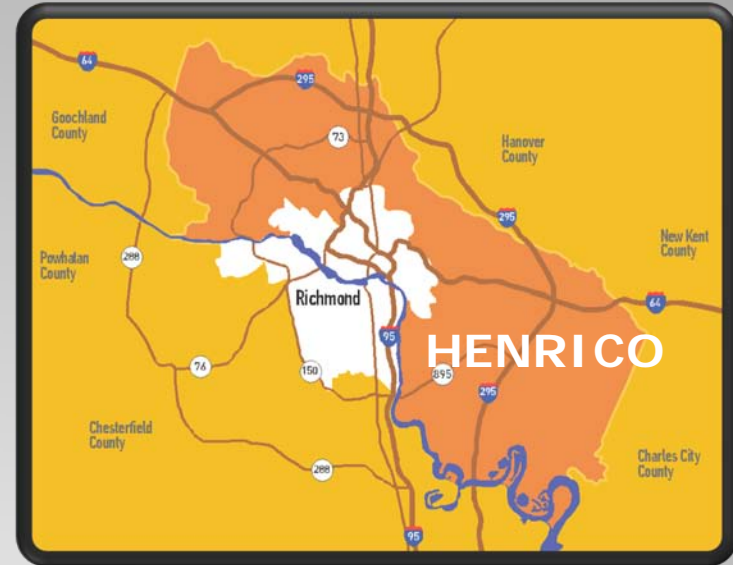
# Summary

- Henrico County – An Introduction
- Henrico County's Financial Management
- Economic Downturn – Impact on the County's Budget
- Changing the Way Henrico Does Business
- Henrico Advantage Card
- Looking Ahead – Future Challenges and a Long Road to Recovery
- Summary



# Henrico County – An Introduction

# Henrico County, Virginia



- Area: 244.06 square miles
- Population: 306,935
- Registered Voters: 195,108 in 2010.
- Median Household Income: \$58,194 (2007).
- Approximately 25,000 businesses employ 155,209 people in Henrico County. 4 Fortune 1000 companies headquartered here.

# Henrico County Government Profile

## County Manager



V. Hazelett,  
P. E.

- Henrico's Board of Supervisors and County Manager have governed together since 1996.
- The policies and budgetary restrictions set by the Board and the County Manager have kept Henrico's government as one of the leanest of the lean while still delivering exemplary service.

## Board of Supervisors



F. Thornton  
Chairman



R. Glover,  
Vice-Chairman



P. O'Bannon,  
Supervisor



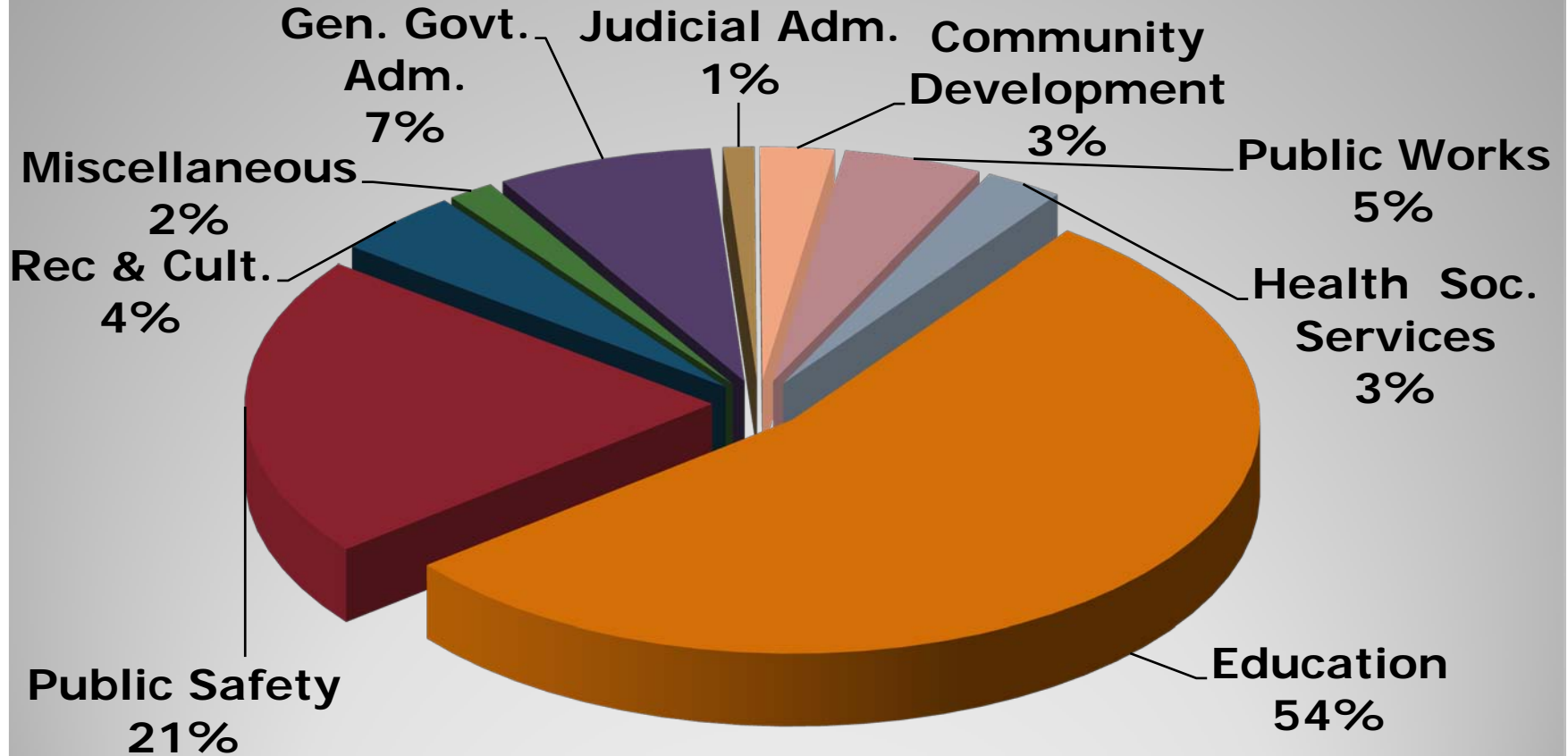
D. Kaechele,  
Supervisor



J. Donati, Jr.,  
Supervisor

# Henrico's Expenditure Priorities

## FY2011-12 General Fund Expenditures



**\$743,661,366**

# Henrico County Public Schools

- *Newsweek recognized Deep Run, Freeman, Godwin and Henrico High Schools as four of "America's Best High Schools" in 2010.*
- *Ten schools earned the 2011 Governor's Award for Educational Excellence and 21 schools earned the 2011 Board of Education's VIP Awards.*



Student-Laptop Program

## Just the Facts

Total Students	48,431
Total Teachers	3,687
Total Schools	71
Scholarships	\$15.8 Million
GF Operating Budget (FY12)	\$403.8 Million
Per Pupil Expenditure	\$9,061



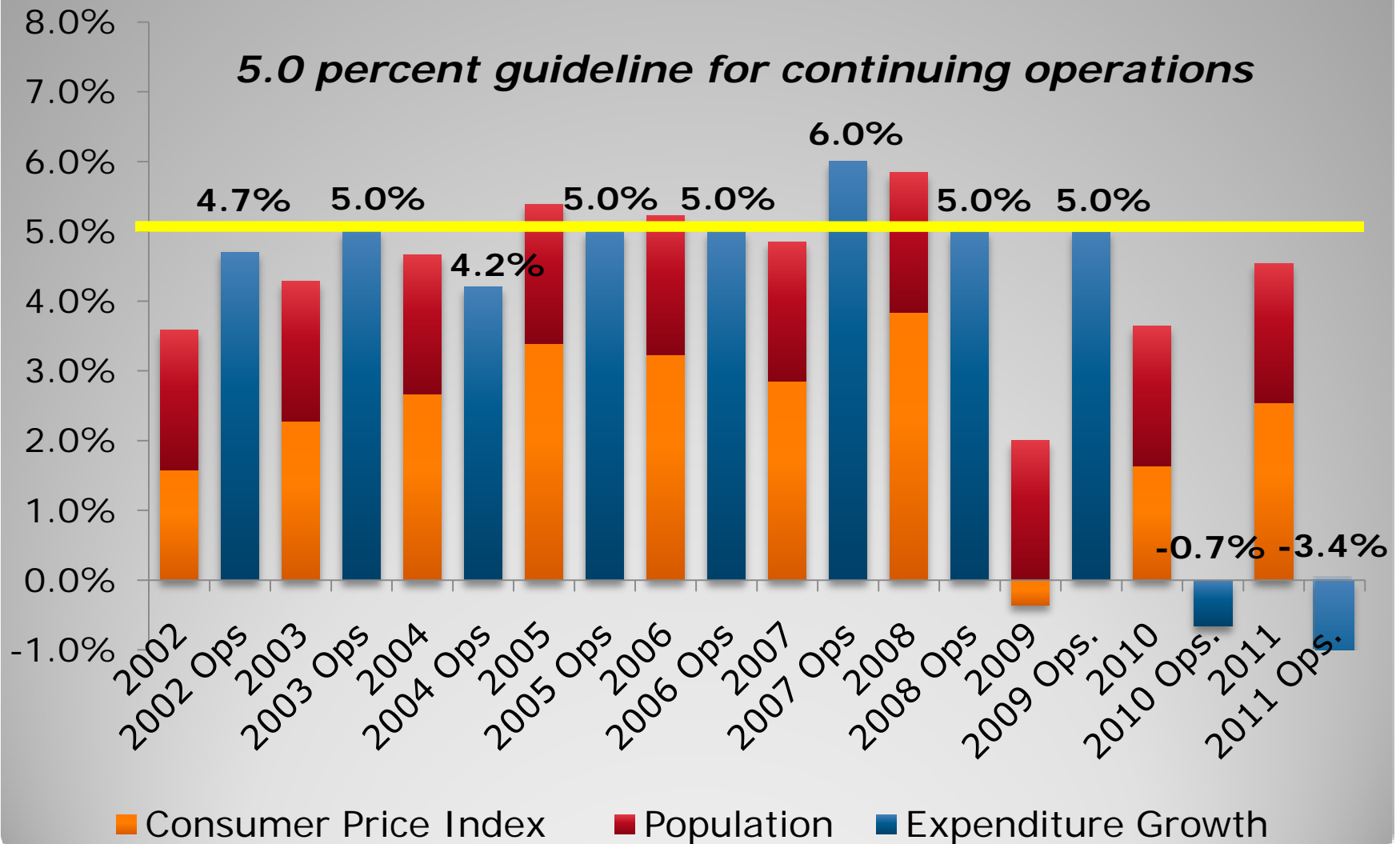
# Henrico County's Financial Management

# Henrico County's Fiscal Guidelines

- When the recession started – Henrico County better prepared than most.
- Conservative revenue projections and limited expense growth.



# Adherence to the 5.0% Increment



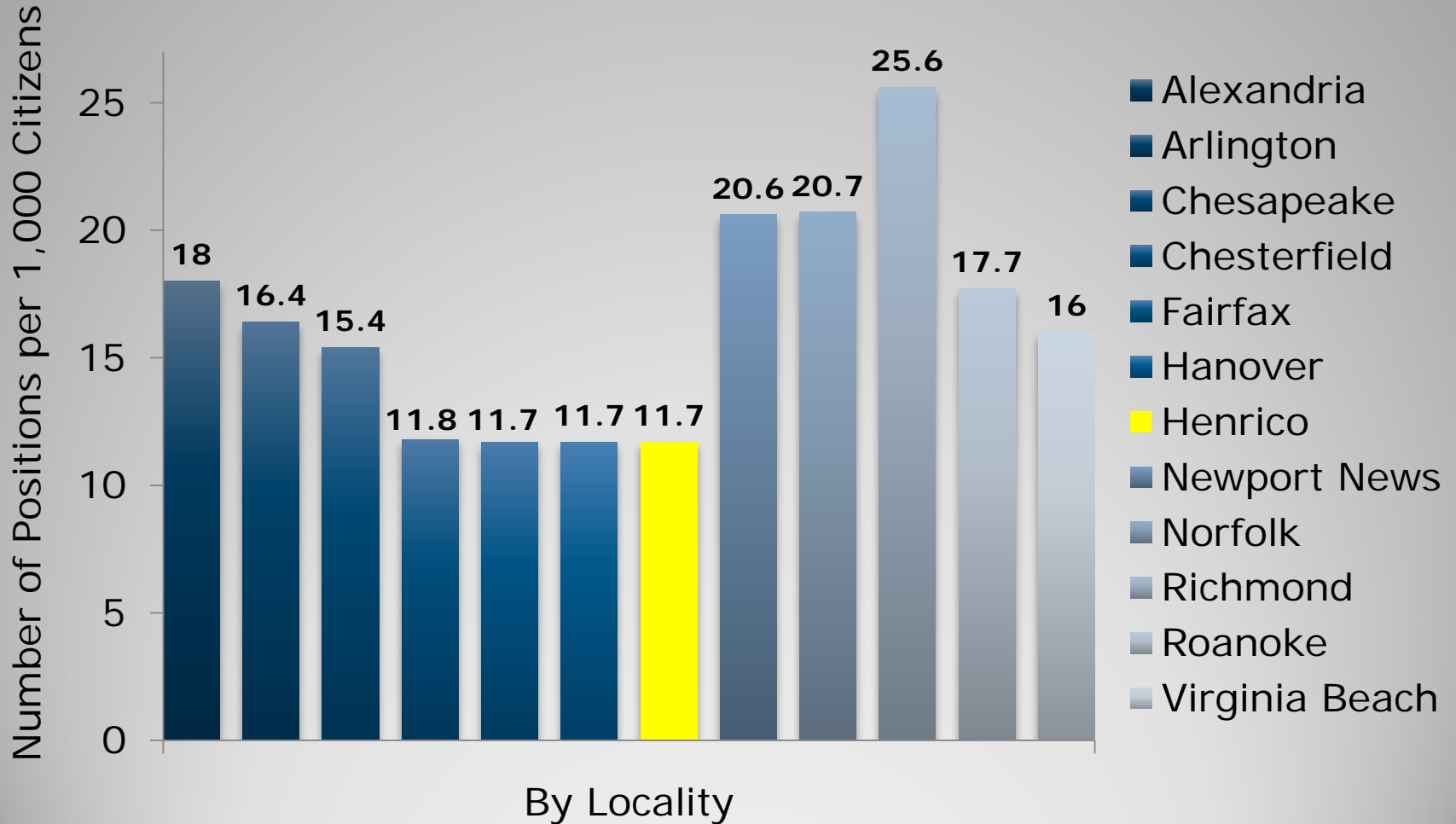
# Healthy Undesignated Fund Balance

% of Fund Balance	
FY98	8.95%
FY99	10.67 %
FY00	12.90 %
FY01	15.54 %
FY02	16.69 %
FY03	17.79 %
FY04	18.04 %
FY05	18.00 %
FY06	18.00 %
FY07	18.00 %
FY08	18.00 %
FY09	18.00 %
FY10	18.00 %
FY11	18.00 %

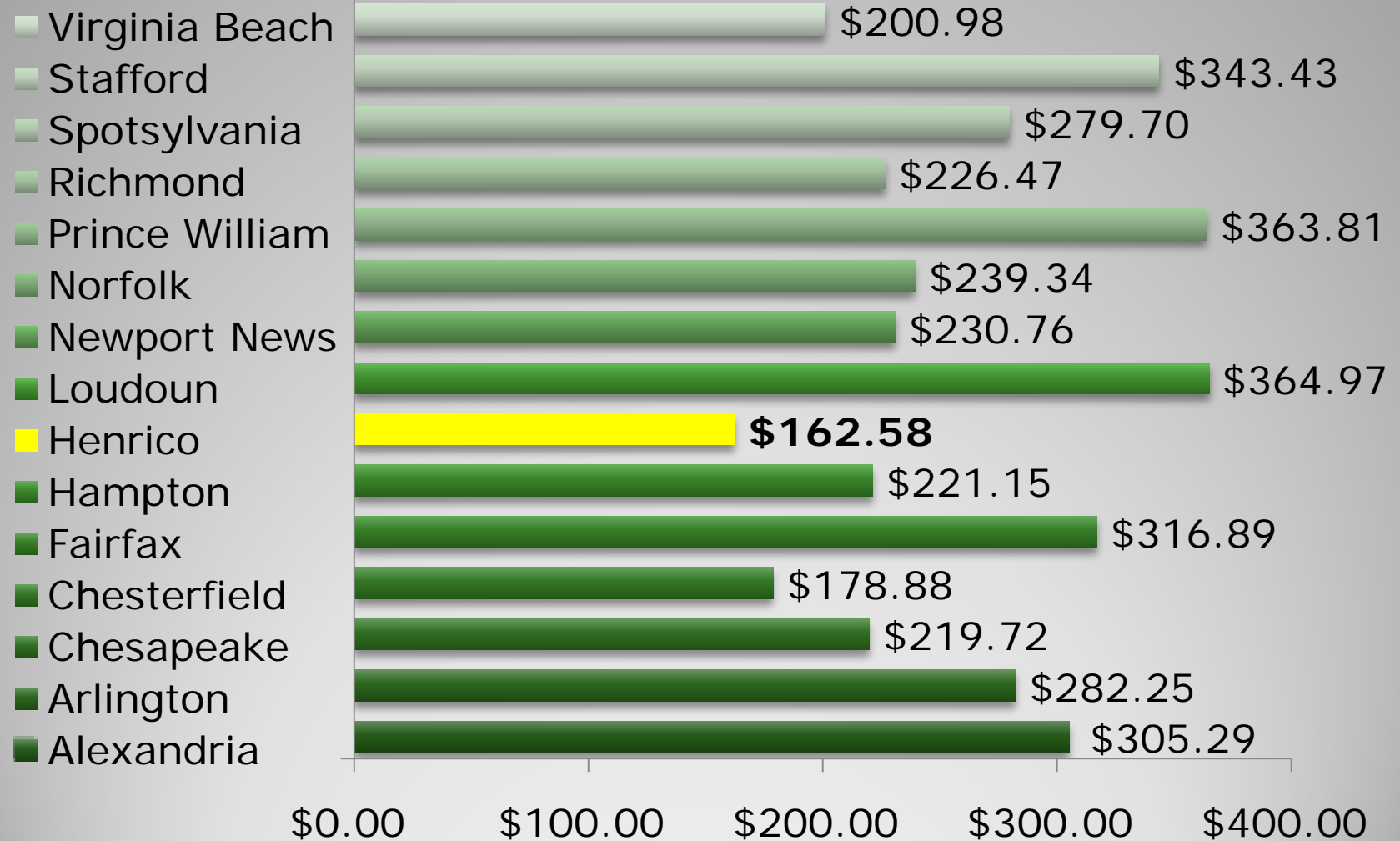
- The County does not use its undesignated fund balance to subsidize current operations.
- A healthy undesignated fund balance has given the County an additional financial buffer against economic shocks to the budget.

# Keeping Costs Down

## Citizen/Position Ratios for Selected Localities



# FY2011 Residential Monthly Tax Burden



Note: Does not include Stormwater Management Fees or Refuse Collection Fees.

# Triple AAA Bond Ratings

- One of 34 counties in the nation to hold this credit rating.
- First locality to have its triple AAA bond rating reaffirmed after the Federal Government's Bond Rating downgrade.

## Debt Ratio Guidelines

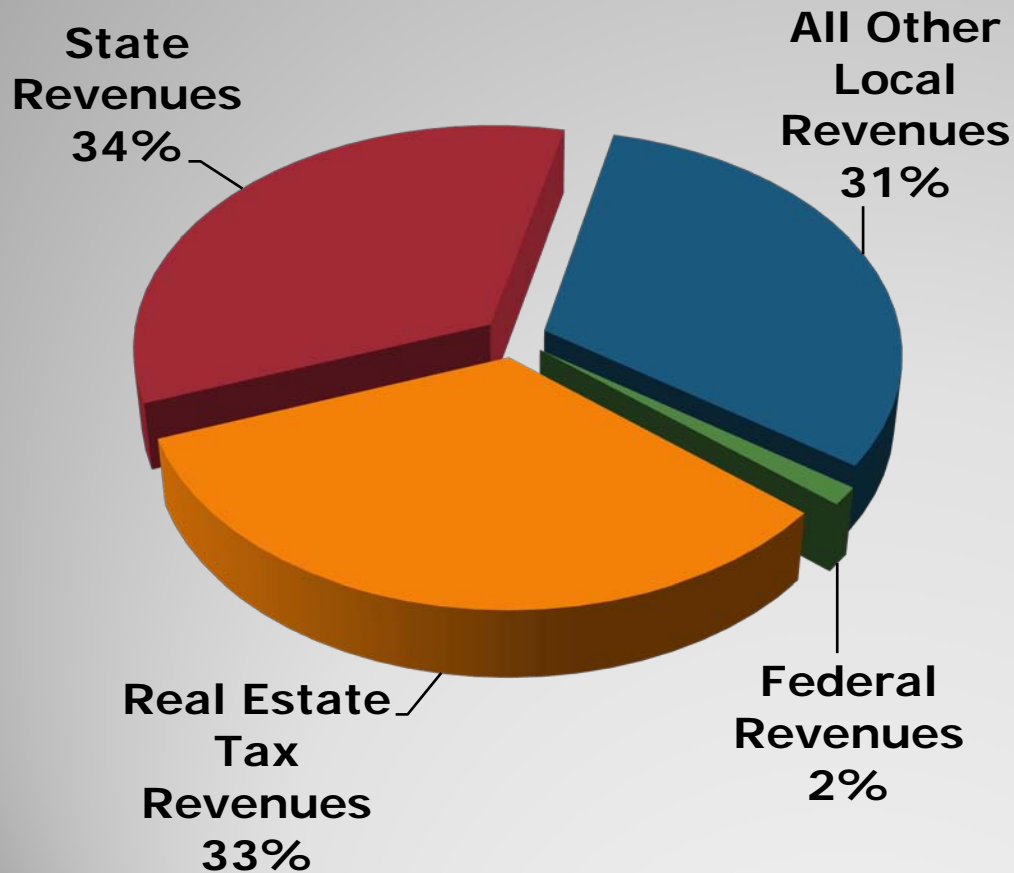
Debt as a Percentage of General Fund Expenditures	7.75%
Debt as a Percentage of Assessed Value	1.49%
Debt per capita	\$1,650



# Henrico County – Revenue Reductions

# Revenue Reductions

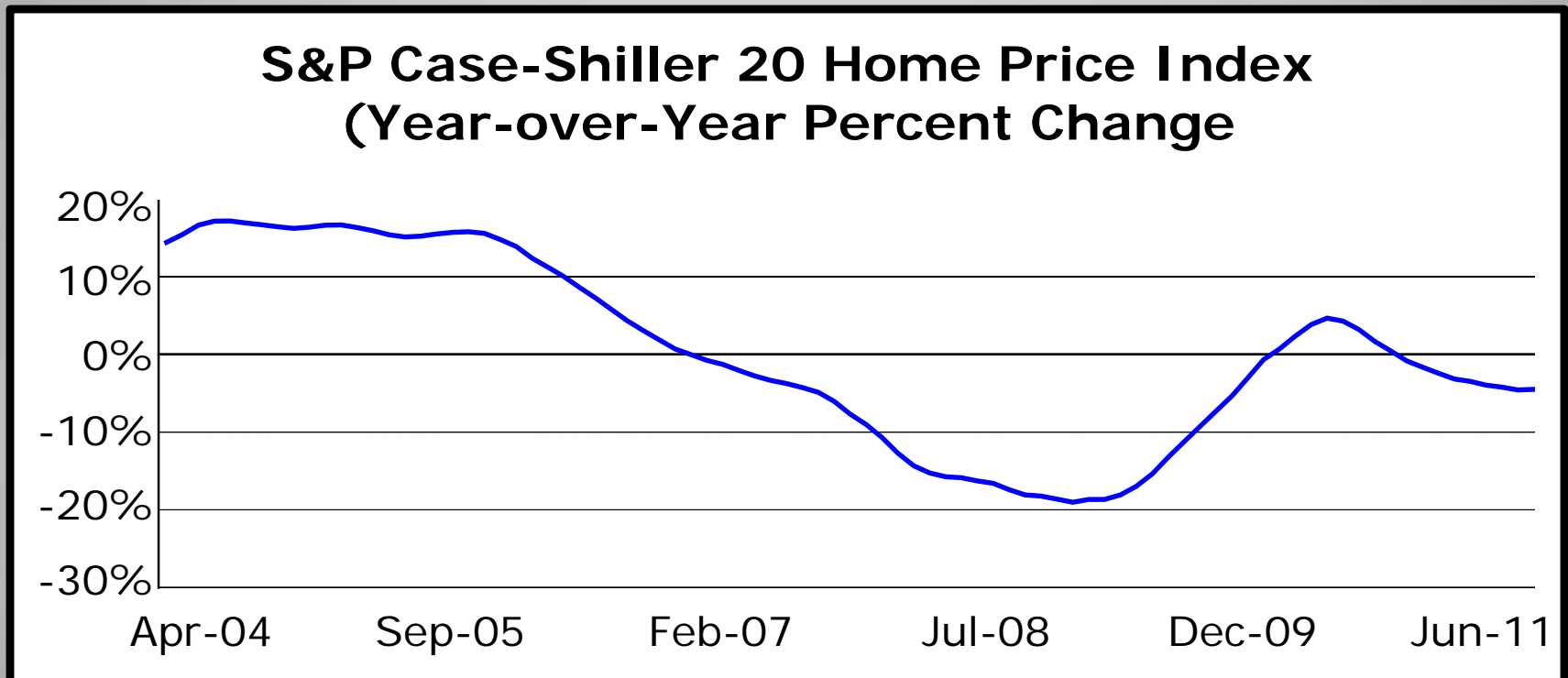
## FY2011-2012 General Fund Revenues



- Local government revenues hit on every front by the economic downturn.
- Between FY2009 and FY2011, Henrico lost more than ten percent of its General Fund revenues.

# Housing Market

- **Nationally** – Home prices have fallen 33% from their peak in 2006; surpassing the 31% decline experienced during the Great Depression.



# Revenue Reductions

	<b>FY2008-09 Actuals</b>	<b>FY2010-11 Budget</b>	<b>Difference</b>
<b>Local</b>	\$567,223,106	\$528,774,300	(\$38,448,806)
<b>State</b>	327,278,263	275,337,000	(\$51,941,263)
<b>Federal</b>	11,922,329	10,860,200	(\$1,062,129)
<b>Total</b>	\$906,423,698	\$814,971,500	<b>(\$91,452,198)</b>



Changing the Way Henrico Does Business



# Henrico County's Fiscal Priorities

- Henrico established three primary goals in response to the downturn which it has maintained throughout:
  - ◆ **No Reduction in Service Levels**
  - ◆ **No Tax Rate Increase**
  - ◆ **No Layoffs**





# Changing the Way We Do Business

- Each Department in the County evaluated their FY2011-12 budgets – cutting costs and improving efficiency where ever possible.
- As a result of these efforts the County was able to achieve considerable savings.
  - ♦ **\$56,500,861 in Total Savings**
    - **One-time Savings - \$5,465,532**
    - **Annual Savings - \$33,305,329**
    - **Debt Service Savings - \$17,730,000**
- Efforts in savings and efficiency are ongoing.



# Hiring Freeze & Personnel Savings

- Henrico County achieved **\$21.6 million** total Personnel Savings.
  - ◆ 278 vacant positions were either eliminated or placed in the hold complement throughout FY2009-2010 and FY2010-2011.
    - **122 positions from General Government**
    - **156 positions from Schools.**

# Volunteers



- Use of Volunteers & Interns
  - In FY2009-10, 1,144 volunteers were utilized per month which equated to approximately 106 full-time employees. This initiative conservatively saved the County \$4,600,000 in FY2009-10.



# Energy Reduction

- 580 trillion BTU's in energy consumption have been saved since FY2003-04, leading to **\$13.5 million in savings.**
  - ◆ Utilized methane landfill gas to generate revenue from an electric power vendor – \$150,000.
  - ◆ **Central Automotive Maintenance utilizes used motor oil to heat their facility - \$16,200.**
  - ◆ Replaced most of the traffic signals incandescent bulbs with LED - \$100,000. (LED in traffic signals replaced less often.)



# County-wide Printing

- Reduction in size of newspaper ads - \$37,900.
- Altered the day of the week Planning's legal notices are published in the newspaper – \$11,600.
- Creation of an E newsletter for Libraries reduced printing budget - \$65,000.
- Reduced the number of toner cartridges in contract for student printers - \$450,000.
- Reduction in number of school publications - \$23,302.



# Contracts and Leases

- Shifted prescribing responsibilities to nurse practitioners and psychiatric-level staff in MHDS where appropriate - \$200,000 in savings.
- Renegotiated four current facility leases – \$99,400 in savings.
- Extended four year laptop lease in elementary schools to six years – \$1,000,000 in savings.



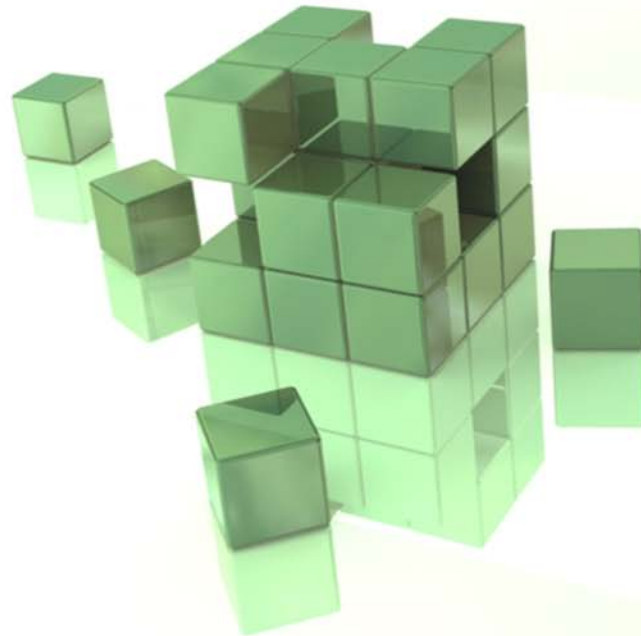
# Maintenance and Repairs

- Reducing frequency of routine maintenance of grounds keeping, painting, carpet replacement, etc. in schools – \$530,000 in savings.
- Use of inmate labor for painting.
- Opening of a fire extinguisher repair shop.

# Henrico Advantage Card



# CHANGING THE WAY HENRICO COUNTY DOES BUSINESS



April, 2011



Copies of Efforts Available at:  
[www.co.henrico.va.us/finance](http://www.co.henrico.va.us/finance)



# Looking Ahead

Future Challenges and a Long Road to Recovery



# Future Budgetary Challenges

- How will the State's budgetary imbalances impact the localities?
- Federal Health Care Reform Act – increased costs in future localities' budgets.
- Has the real estate market reached bottom – when will improvement be seen?
- Stubbornly high unemployment – deteriorating impact on federal, state, and local budgets.

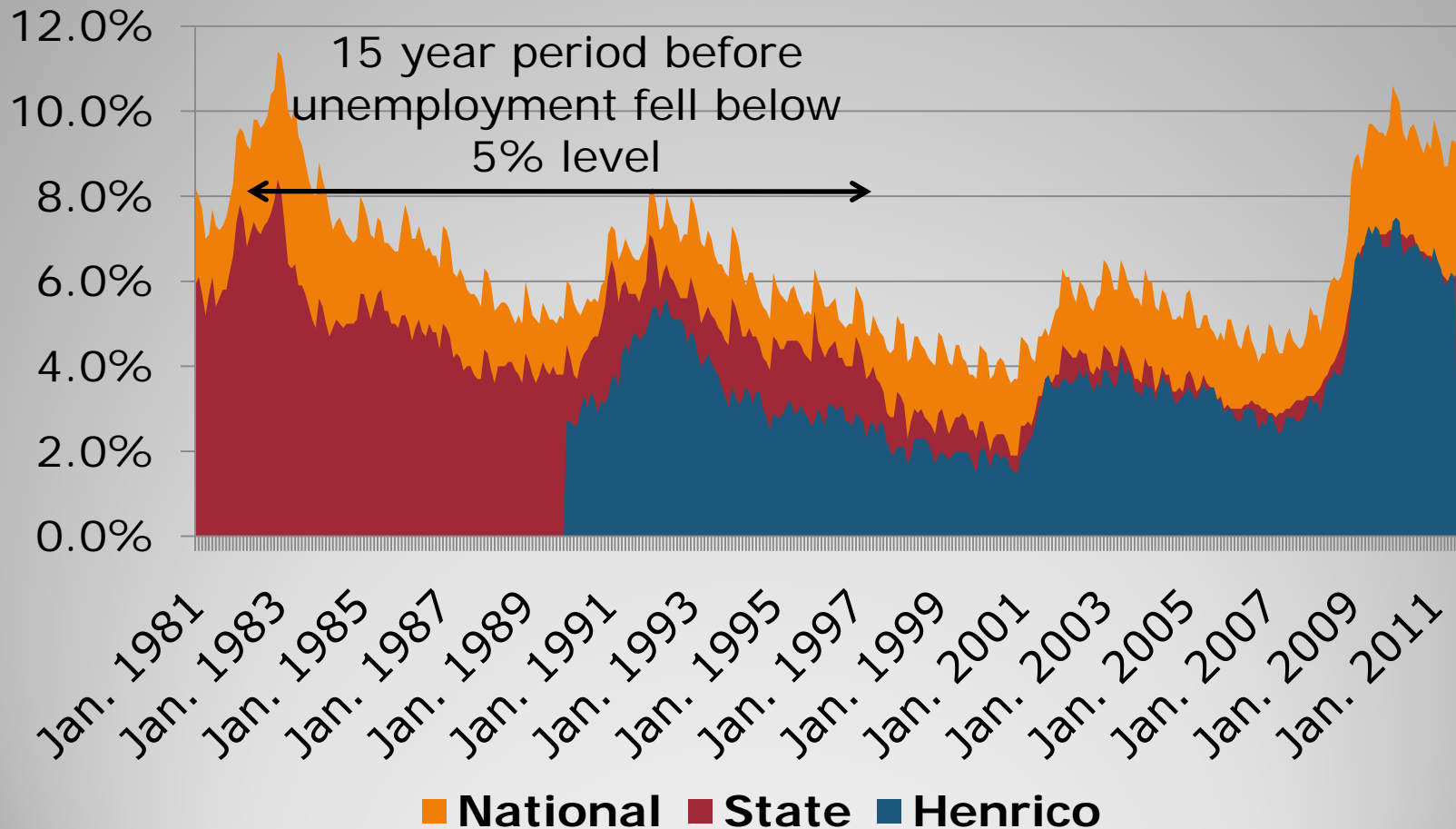


# Future Budgetary Challenges

- Governor McDonnell keeps alluding to possible reforms to Virginia Retirement System.
  - ◆ **How will VRS “reform” impact localities?**
- The state has continually underfunded its actuarial liability - \$18 billion in underfunded liabilities.
- Possibility of a reduction in benefits or changes in localities/employees' contributions.

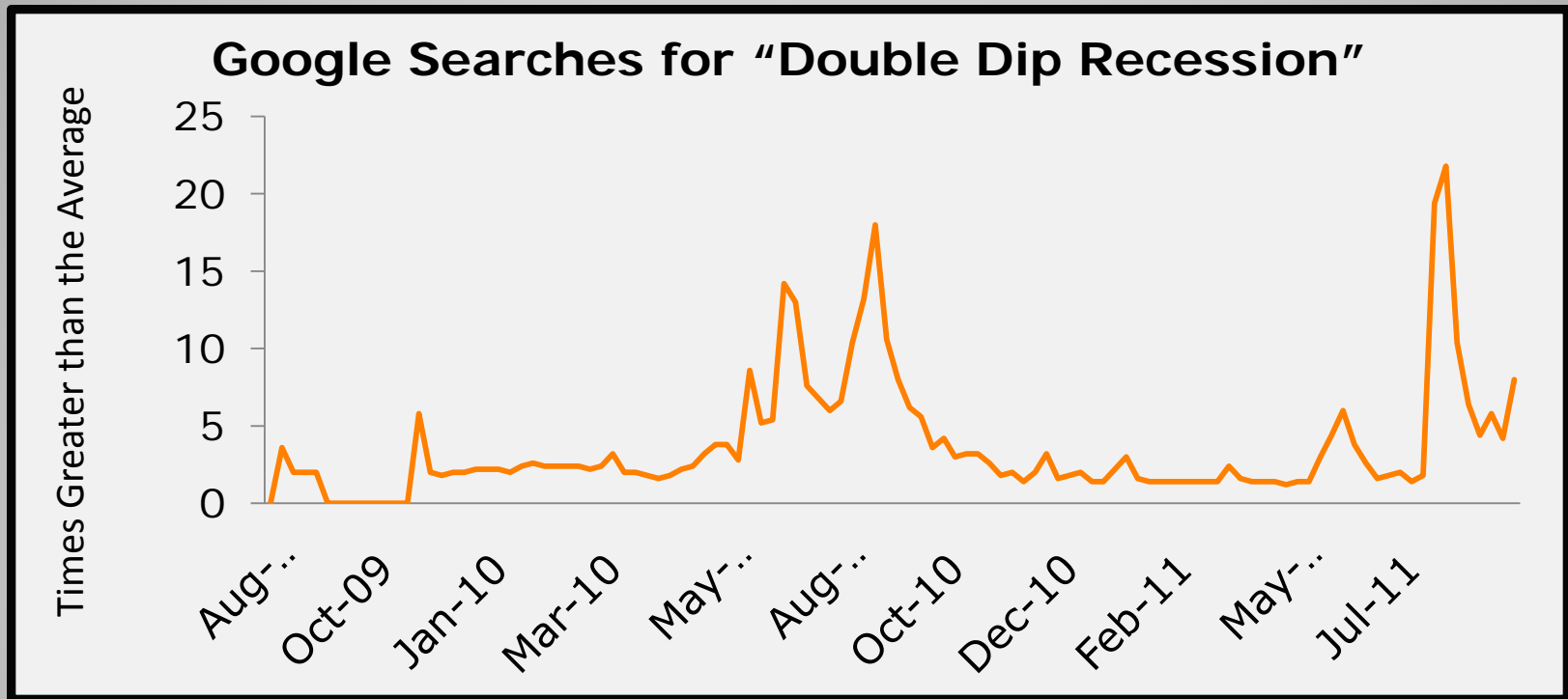
# Long Road to Recovery

## Unemployment Rates Since 1981



# The Fear of Recession Looms

- Similar to 3Q 2010, fears of a double dip have emerged.





# Summary

- Historically, the County has adhered to prudent fiscal policies.
- Economic downturn reduced County revenues drastically.
- Revenue reductions absorbed internally. No increase in taxes.
- In order to Change the Way Henrico Does Business, an examination of day-to-day operations was performed by all departments.
- Significant savings have been achieved due to the County's efforts.
- It will be a long road to recovery.



# Thank You !

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