



**BOARD OF SUPERVISORS
FINANCE AND AUDIT COMMITTEE**

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<https://va-goochlandcounty.civicplus.com/1154>

**FEBRUARY 4, 2025 @ 1:00PM
CONFERENCE ROOM 270
GOOCHLAND COUNTY ADMINISTRATION BUILDING
1800 SANDY HOOK RD., GOOCHLAND, VA 23063**

- I. CALL TO ORDER; VICTOR CARPENTER
- II. ELECTION OF OFFICERS; VICTOR CARPENTER
- III. APPROVAL OF MINUTES FOR THE DECEMBER 3, 2024 MEETING
- IV. DISCUSS AMENDMENT TO THE FINANCIAL MANAGEMENT POLICIES
- V. FY2025 2ND QUARTER PROJECTIONS
- VI. OTHER BUSINESS
- VII. PUBLIC COMMENT
- VIII. ADJOURNMENT TO MAY 6, 2025 TIME TBD

**Goochland County
Finance & Audit Committee
Regular Meeting Action Minutes**

Full transcript can be found at: <https://va-goochlandcounty.civicplus.com/1154/County-Meetings>

**December 3, 2024 @ 11:30 AM
Administration Building
1800 Sandy Hook Road, Goochland VA 23063
Board Meeting Room**

View meeting archive at: <https://va-goochlandcounty.civicplus.com/1154/County-Meetings>

The Goochland County Finance & Audit Committee (FAAC) meeting was held on December 3, 2024, at 11:30AM in Conference Room 270. Voting members present:

District 3 Supervisor, Tom Winfree, Chair
District 4 Supervisor, Charlie Vaughters, Vice-Chair
District 1 Supervisor, Jonathan Christy
County Administrator, Victor Carpenter
Director of Finance, Carla Cave

- I. Mr. Winfree called the meeting to order.
- II. Mr. Winfree introduced Mr. Mike Garber with PBMares to present the FY2024 audit report.

Mr. Garber stated PBMares issued an unmodified opinion which is a clear audit report, a no findings report for internal controls and compliance, and a no findings report for federal dollars. All three reports were clean with no findings.

The audit did not have any audit entries or past adjustments which means the records provided were clean and the audit found no needed adjustments. All documentation requested was provided timely and the audit went smoothly.

- III. Mr. Winfree called for the approval of the minutes from August 6, 2024. A motion was made to approve, the motion was seconded and passed on a unanimous vote.
- IV. Mr. Winfree called Mr. Kevin Rotty to review the financial management fund balance policy. Mr. Carpenter and Mr. Winfree discussed the prior percentages and the new percentages. Mr. Rotty explained we have 3 fund balance policies, 2 debt policies, and the unassigned fund balance policy with a target of 25% and a minimum of 20%, revenue stabilization policy of 3% and the available fund balance which is the assigned fund balance and unassigned fund balance between 55% and 65%. Mr. Winfree asked for an explanation of the available fund balance that ranges from 55% to 65%.

Mr. Rotty explained the unassigned fund balance policy is above the 20% minimum and a target of 25%. As the budget grows, the dollar amount required to maintain the percentage grows. Goochland's policy is far less than our AAA comparatives which is our safety net. Revenue stabilization fund is prudent and comparable to our comparatives.

The history of the available fund balance was discussed as well. In review of 2023 financials, we were a little over 51% so we implemented the 55% target, and we are still not to target. In terms of the rating agencies, fund balance is part of the equation but not all of it. On fund balance, the three rating agencies call for 35%, 15% and 7.5% - far below the 55%. Based on 2023 financials, to come in compliance with our 60% policy we would need to add about \$12.7 million to our total fund balance. To come in at 55% would require \$12 million. At 40% we would be \$9.4 million over our requirement.

Mr. Vaughters recommended that the FAAC get the policy decided on in the next FAAC meeting, and before any budget for the upcoming year is enacted. Mr. Winfree made a motion to have a workshop in January to have it decided on by the time the budget is presented, the motion was seconded, and the motion passed on a unanimous vote. Discussion continued about the comfort level of lowering our requirement versus eliminating the available fund balance policy all together.

- V. Mr. Kevin Rotty went on to discuss the upcoming bond issuance. Debt service as a percentage of general fund expenditures is not to exceed 12% with a target of 10%, actual has been around 4-6%. With the \$46 million additional debt we will be at 8%.
- VI. Mr. Winfree called for the FY2025 1st quarter projections. Mrs. Cave presented the projections with Revenues coming flat to the budget and a return on expenses of approximately \$1.1 million. This would give an operating surplus of \$7.0 million, and after transfers to CIP, schools and CSA the return is basically flat, conservatively \$241,000 return to fund balance.
- VII. Mr. Winfree asked for any other business, none.
- VIII. Mr. Winfree asked for public comment. Mr. Spoonhower commented he agrees on a January meeting to discuss the policy and finalize before we decide on the budget.
- IX. A motion was made to adjourn the meeting to a work session before the January meeting. The motion was seconded and passed with unanimous vote. Mr. Winfree called for a motion to adjourn, the motion was seconded and passed with a unanimous vote.

NOTE: January's workshop was cancelled due to snow. Discussion moved to regular FAAC meeting February 4, 2025.



Financial Management Policies

GOOCHLAND COUNTY VIRGINIA

Adopted: November 6, 2013
Amended: August 5, 2014
Amended: September 5, 2017
Amended: May 1, 2018
Amended: August 4, 2020
Amended: December 5, 2023
Amended: December 3, 2024

FINANCIAL MANAGEMENT POLICIES

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FINANCIAL MANAGEMENT POLICIES

FINANCIAL MANAGEMENT POLICIES - OBJECTIVES

The financial management policies are the guidelines and goals that will influence and guide the financial management practice of Goochland County. Financial policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Effective financial management policies:

- Contribute significantly to the County's ability to insulate itself from fiscal crisis and economic disruption,
- Enhance short term and long term financial credit ability by helping to achieve and maintain the highest credit and bond ratings possible,
- Promote long-term financial stability by establishing clear and consistent guidelines,
- Direct attention to the total financial picture of the County rather than single issue areas,
- Promote the view of linking long-run financial planning with day to day operations, and
- Provide the Board of Supervisors and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following financial management policies are presented.

FINANCIAL MANAGEMENT POLICIES

OPERATING BUDGET POLICIES

1. The County will develop the annual Operating Budget in conjunction with a stated program of performance objectives and measures with which to gauge progress toward meeting those objectives.
2. To enhance financial planning, the County will prepare an annual structurally balanced budget with a second year of projections of general fund revenues and expenditures available for review. Further, long range forecasts will be included for years three through five which consider the impact of projects in the Capital Improvement Program.
3. The Board of Supervisors will adopt an annual structurally balanced budget. A structurally balanced budget is a budget with total operating expenditures equal to total operating revenues, and therefore excludes any use of fund balance, debt issuance, or transfer to the Capital Improvements Program for non-maintenance costs. Should the County need to use the revenue stabilization funds due to a qualifying economic downturn (see page 8, Revenue Stabilization Reserve policy), this use may qualify as a one-time use of operating revenue.
4. One-time or other special revenues will not be used to finance continuing County operations but instead will be used for funding items of a non-recurring nature.
5. Budget Monitoring: the monitoring of revenues and expenditures is an ongoing process. During the fiscal year, a quarterly update of general fund revenues and expenditures will be provided to the Board of Supervisors and the public.

FINANCIAL MANAGEMENT POLICIES

CAPITAL IMPROVEMENT BUDGET POLICIES

1. The County will consider capital improvements in accordance with an adopted capital improvement program.
2. The County will develop and identify revenue sources for a five-year funded plan for capital improvements to be reviewed and updated each year as part of, and the County will maintain a twenty-five year plan.
3. The County will enact an annual capital budget based on the capital improvement plan. The first year of the plan will represent appropriation of revenues and expenditures; future the next four years of the plan will be approved for planning purposes.
4. The County will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
5. The County will project its equipment replacement and maintenance needs as part of the capital improvement process. From this projection, a maintenance and replacement schedule will be developed.
6. The County will identify the estimated costs for all 25 years and potential funding sources for the first five years of ~~for~~ each capital project proposal.
7. The County will attempt to determine the least costly and most flexible financing method for all new projects.

FINANCIAL MANAGEMENT POLICIES

DEBT POLICIES

1. The County will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances that exceed policy targets, and “pay-as-you-go” appropriations. Pay-as-you-go appropriations will be adopted as part of the operating budget.
2. When the County finances capital improvements or other projects by issuing bonds, or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.
3. In the Commonwealth of Virginia, there is no statutory limitation on the amount of debt a County can issue. The County has set its own debt ratio guidelines as part of sound financial management practices. Debt ratios will be annually calculated and included in the review of financial trends. The County will comply with the following debt ratio guidelines:
 - a) Net debt as a percentage of taxable assessed value of real estate shall not exceed 2.5%. Net debt shall be defined to include bond issuance directly supported by the general fund. Projects such as the VRA obligation for the Tuckahoe Creek Service District which is supported by a dedicated stream of revenues (separate ad valorem tax and revenue sharing agreement) or other self-supporting obligations will not be included. To the extent that the County provides general fund support, the proportionate share of the debt that the County is supporting will be included in this ratio.
 - b) The ratio of debt service expenditures as a percent of total general fund expenditures (including transfers to other funds) shall have a target of 10%, with a ceiling of 12%. As discussed in section 3a, debt with either a dedicated stream of revenues or self-supporting debt will not be included in the calculation. To the extent that the County provides general fund support (outside of the dedicated revenue stream or revenue sharing agreement), the amount of that support will be included in this ratio.

FINANCIAL MANAGEMENT POLICIES

FUND BALANCE RESERVE POLICIES

DEFINITIONS

Fund balance is the difference between assets and liabilities reported in governmental funds. It serves as a measure of financial resources available for current operations. The Governmental Accounting Standards Board (GASB) prescribes the classifications for components of fund balance. The County shall report governmental fund balances per GASB definitions. These classifications are listed below in descending order of restrictiveness.

1. Nonspendable – amounts that cannot be spent because they are not in spendable form or are not expected to be converted into cash with the current period or at all.
2. Restricted – amounts subject to usage constraints that have either been externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts constrained to use for specific purposes pursuant to formal action of the Board of Supervisors (the Board). The amounts cannot be used for other purposes unless the Board removes or changes the constraints via the same action used to initially commit them.
4. Assigned – amounts intended by the County for use for a specific purpose, but do not meet the criteria to be classified as restricted or committed. The Board can express the intent to assign fund balance. Formal action is not necessary to impose, remove, or modify a constraint in Assigned Fund Balance.
5. Unassigned – amounts that are available for any purpose.
6. Available – the total of amounts assigned as Assigned plus Unassigned fund balance.

MINIMUM FUND BALANCE(S)

UNASSIGNED

The County's unassigned fund balance at the close of each fiscal year should be at least 20%, with a target of 25%, of the total annual adopted general fund budget of the subsequent fiscal year, plus the non-local portion of the school operating fund budget. The general fund budget includes the transfer to the Schools, Debt Service, and other transfers from the general fund.

In the event of an emergency or other global purpose for the benefit of the County, the County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 20% policy. In such circumstances, the Board will replenish the available fund balance to the policy level within the next three fiscal years from the date of draw down.

FINANCIAL MANAGEMENT POLICIES

AVAILABLE

The County's "available" fund balance consists of all assigned plus unassigned fund balances. At the close of each fiscal year, this balance should be between ~~55%~~ 30% and ~~65%~~ 40%, with a target of ~~60%~~ 35%, of the total annual adopted general fund budget of the subsequent fiscal year, plus the non-local portion of the school operating fund budget. This target is in advisement with credit rating agencies to maintain the County's Aaa bond rating.

REVENUE STABILIZATION RESERVE

The County will maintain a Revenue Stabilization Reserve of 3% of the total annual adopted general fund budget of the subsequent fiscal year, plus the non-local portion of the school operating fund budget.

The Board may draw down the Revenue Stabilization Reserve only if:

1. Current fiscal year - Third or fourth quarter forecasted actual general fund revenues, excluding use of prior year fund balance, decline by more than 3% of revenues collected at the same period in time one year prior; or,
2. Subsequent fiscal year - During the annual budget cycle real estate assessments are forecast to have decreased more than 3.0% over the previous year's assessments.

Withdrawals may not exceed half of the balance in the reserve in any one fiscal year and shall be used in combination with spending cuts. In the event of a draw down, the reserve must be replenished to 3% level within the subsequent 3 fiscal years.

ORDER OF EXPENDITURES OF FUNDS

For any expenditure incurred for purposes for which multiple fund balance categories can be used, the County will utilize funds in the following spending order: restricted, committed, assigned, and unassigned.

FINANCIAL MANAGEMENT POLICIES

REVENUE POLICIES

DIVERSIFICATION OF REVENUES

1. Diversification of revenues is a primary goal of the County.
2. The County does not have a profit motive when setting tax and fee rates. Tax and fee rates are based on the County's cost of services.

ESTABLISHMENT AND MODIFICATION OF FEES

1. Fees will be calculated based on appropriate cost of service delivery.
2. Fees will be reviewed and updated based on criteria defined in revenue regulations.

ACCOUNTS RECEIVABLE COLLECTION

1. Bad Debt Expense - The determination of the need for an allowance for doubtful accounts will be based upon accepted business practices and accounting standards. Write-offs of uncollectable balances will be based on the type of balance (i.e. tax or non-tax balance); the dollar amount outstanding; the length of time delinquent; and the status of standard collection efforts performed.
2. All write-offs require approval of the department head for non-tax balances or the Treasurer for general property tax balances.

FEDERAL, STATE AND PRIVATE GRANTS AND COOPERATIVE AGREEMENTS

1. This portion of the revenue policy prescribes procedures and requirements for the fiscal and program administration of all Federal, state and private grants and cooperative agreements.
2. The purpose of this policy is to: ensure proper oversight of all funds appropriated to the County from federal, state and local governments, non-profit agencies, and private sources; minimize the County's risk of non-compliance with the requirements of grant awards, regulations, and cooperative agreements; ensure proper fiscal administration, accounting, audit and reporting of all grants and cooperative agreements; and ensure proper program management of all grants and cooperative agreements.
3. Applicability - This policy and related Revenue Regulations apply to all grant and cooperative agreement applications prepared and/or submitted by County departments and Constitutional Officers to agencies outside the County government for funds, materials, or equipment to be received and/or administered by the County or by an agency for which the County acts as fiscal agent, including any grant or cooperative agreement funds or items passed through to a sub-recipient.

FINANCIAL MANAGEMENT POLICIES

4. Centralized Responsibility - The County Administrator shall establish underlying revenue regulations and procedures to help ensure that the purposes of this Policy regarding grants and cooperative agreements are met. Responsibility for the overall fiscal management of all County grants and cooperative agreements shall reside in the Department of Financial Services.
5. Decentralized Responsibility - Responsibility for the overall program management of all County grants and cooperative agreements shall reside with the Director or Directors of the Department(s) having functional responsibility for the individual grants or cooperative agreements, or as otherwise delegated by the County Administrator (hereinafter referred to as Senior Program Managers). It shall be the responsibility of the Senior Program Managers and their delegates having program management responsibility for a grant or cooperative agreement to cooperate with and perform all duties prescribed by the Department of Financial Services necessary for the proper fiscal management of all grants and cooperative agreements, and to file all required reports with grantors/agencies on a timely basis.

FINANCIAL MANAGEMENT POLICIES

TRAVEL AND BUSINESS EXPENSE POLICIES

Expenses incurred for County purposes for travel and business by employees, officials or volunteers may be paid or reimbursed in accordance with requirements established by the Internal Revenue Service for an accountable plan in which those amounts are not subject to income taxation, and in compliance with this Policy and related Regulations approved by the County Administrator.

1. Meals and incidental per diem expense for travel shall not exceed the federal per diem rate established for the destination locality by the Internal Revenue Service. The mileage reimbursement rate shall equal that established by the Internal Revenue Service.
2. Allowable expenses for lodging, public transportation and business expenses shall be the actual costs provided they are reasonable.
3. This Policy shall be administered to provide for the most cost effective travel and business activity for the benefit of the County. Expenses may be paid or reimbursed only when they are reasonable and necessary for the conduct of County business, within amounts appropriated by the Board of Supervisors, properly documented, and approved by the appropriate authority.
4. The County Administrator shall interpret and administer this Policy and shall prescribe regulations implementing this Policy and describing additional detailed requirements.

COUNTY PROCUREMENT CARDS

Expenses paid by use of County procurement cards and other methods shall be subject to the same limits and standards of documentation as reimbursed expenses.

County of Goochland, Virginia
General Fund
FY25 Second Quarter Projections

Year Ended June 30, 2025

	Adopted Budget	Final Budget	Year-End Projected	Variance with Final Budget - Positive (Negative)
REVENUES				
Total revenues	\$ 96,956,860	\$ 96,995,684	\$ 104,731,902	\$ 7,736,218
EXPENDITURES				
Current:				
General government administration	8,225,737	8,245,157	8,162,705	82,452
Judicial administration	3,230,951	3,248,733	3,118,784	129,949
Public safety	27,599,900	28,466,159	27,612,174	853,985
General services	4,662,837	4,728,833	4,492,391	236,442
Health and welfare	5,280,019	5,580,019	5,412,618	167,401
Education	29,373,150	29,373,150	29,073,150	300,000
Parks and recreation	1,792,548	1,792,548	1,782,548	10,000
Community development	3,486,654	4,287,862	4,116,348	171,514
Nondepartmental	836,600	836,600	418,300	418,300
Debt service:				
Principal retirement	2,653,000	2,653,000	2,653,000	-
Interest and other fiscal charges	2,177,404	2,177,404	2,177,404	-
Total expenditures	89,318,800	91,389,465	89,019,423	2,370,042
Excess (deficiency) of revenues over (under) expenditures	7,638,060	5,606,219	15,712,479	10,106,260
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(6,788,060)	(6,788,060)	(6,788,060)	-
Transfer to Office of Children's Services Fund	(850,000)	(850,000)	(650,000)	200,000
Total transfers net	(7,638,060)	(7,638,060)	(7,438,060)	200,000
Net change in fund balance	-	(2,031,841)	8,274,419	10,306,260
Fund balance - beginning	-	\$ 57,688,254	\$ 57,688,254	-
Fund balance - ending	\$ -	\$ 55,656,413	\$ 65,962,673	\$ 10,306,260