



BOARD OF SUPERVISORS AUDIT COMMITTEE

**SEPTEMBER 5, 2017 @ 1:30PM
BOARD CONFERENCE ROOM
(INSIDE THE BOARD MEETING ROOM)
GOOCHLAND COUNTY ADMINISTRATION BUILDING
1800 SANDY HOOK RD., GOOCHLAND, VA 23063**

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES FROM JUNE 6, 2017
- III. REVIEW OF CHANGES TO AUDIT COMMITTEE CHARTER
- IV. REVIEW OF CHANGES TO FINANCIAL POLICIES
- V. REVIEW PRELIMINARY YEAR-END RESULTS
- VI. UPCOMING MEETING; NOVEMBER
- VII. OTHER BUSINESS
- VIII. ADJOURNMENT

**Goochland County
Audit Committee Meeting
June 6, 2017 @ 1:30 PM
Administration Building
1800 Sandy Hook Road, Goochland VA 23063
Board Conference Room**

The Goochland County Audit Committee meeting was held on June 29th at 1:30 pm in the Board Conference Room. Present were:

District 2 Supervisor Manuel Alvarez, Jr., Chairman Audit Committee
District 1 Supervisor Susan Lascolette, Vice Chairman Audit Committee

District 5 Supervisor Ken Peterson
County Administrator John Budesky
Director of Financial Services Barbara Horlacher
Assistant Director of Financial Services Kathleen Smith
School Finance Director Debbie White
Director of Social Services Kimberly Jefferson
Supervisor for Eligibility Services Beverly Long
Mike Garber from PBMares
Name Unknown, Goochland Citizen

Voting members were Ms. Lascolette, Mr. Alvarez, Mr. Peterson, and Mr. Budesky.

- I. Mr. Alvarez called the meeting to order. A determination of quorum was made as 4 voting members were present.
- II. Mr. Peterson nominated Ms. Lascolette as the new Chairman and the nomination passed on unanimous vote. Ms. Lascolette then presided over the remaining meeting.
 - Mr. Alvarez nominated Mr. Peterson as the new Vice Chairman and the nomination passed on unanimous vote.
- III. Ms. Lascolette asked for questions or comments from the minutes of the meeting from November 29, 2016.
 - Ms. Lascolette asked for clarification of additional audit cost to the county on item #6.
 - Mr. Garber confirmed the minutes were accurate, there is no additional cost.
 - There were no additional comments.
 - Mr. Alvarez made a motion to approve the minutes, Mr. Peterson seconded the motion, the motion was approved on unanimous vote.
- IV. Mr. Garber presented the PBMares Auditor Communication to the committee.
 - PBMares has planned to use the same audit team:
 - i. Betsy Hedrick, Partner
 - ii. Shannon Brown, Supervisor
 - Expressed the importance of the Audit Committee's oversight.
 - PBMares will provide Management representation letter, internal control letters and draft of findings if any.

- PBMares audits in accordance with the Government Auditing Standards and the Virginia Auditor of Public Accounts (APA)
- The APA just released the new audit specs for this year's audits.
- The audit will look at the CAFR, the public school system, the CSB, and they follow the Federal Government's single audit rules for federal awards.
- The county will receive an opinion on the financial statements, opinion on internal control and compliance, and on the federal awards. We hope they will be unmodified but make zero guarantees that any will be unmodified.
- Other items provided by the audit:
 - i. The Sheriff's report to the APA, hopefully completed by July
 - ii. Landfill report to the EPA/DEQ
 - iii. The transmittal report due November 30th
 - iv. Data collection form that goes with the federal awards
 - v. Virginia retirement testing required by the APA
 - vi. Management recommendations
- PBMares will start by looking at the internal controls assessing the major areas for revenue and expenses.
 - i. Ms. Lascolette asked if the departments listed in the slide were the departments the auditors would be looking at and Mr. Garber confirmed the listed departments are the major areas they will focus on.
- Part of the internal control structure is the county growth and operating environment to help assess risk, including:
 - i. Monitoring news regarding the county
 - ii. Information systems, if there is major changes or upgrades
 - iii. If there are new cash collection systems
- PBMares is not required to setup and test to find fraud. They hope they don't find it, but if something is going on they hope they do find it. It normally starts small and it gets bigger and bigger. Part of PBMares process is to do fraud inquires. They will pull board members, management and employees aside and ask questions.
- GASB 77 is new, Tax Abatement Disclosures.
 - i. It is exclusive to Tax Abatements
 - ii. Defines who the agreement is between and the substance of the agreement
 - iii. Discloses the amount and the type of tax abated
 - iv. Discloses when it begins and ends
 1. Ms. Lascolette asked when we needed to start disclosure. Mrs. Horlacher explained that we have an agreement with Hardywood but we haven't started to rebate.
 2. Mr. Garber said since the agreement is in place we will disclose the facts that we know.
 3. Mr. Peterson asked if we will be booking anything in the financial statements and Mr. Garber said no. This is strictly disclosure. Discussion continued comparing this to the pension plan and other tax cuts further explaining how the disclosure applies.
 4. Another example was discussed of county gifts, Mr. Garber explained that GASB 77 doesn't apply because it is disclosed in the budget.

5. Mrs. Horlacher asked if GASB 77 would apply to developer refunded water & sewer connection fees, Mr. Garber said no, at this time this only applies to tax abatements.
- APA HB 2003 requires a notarized statement from the Chief Elected Official and Chief Administrative Officer and sent with the financial statements to the APA. The statement indicates the statements have been presented to the governing body (Board of Supervisors).
 - i. Different due dates now:
 1. APA Cost Report due November 30th
 2. APA Financial Statements November 30th
 3. Notarized Statement by November 30th
 4. Code of Virginia Financial Statements December 31st but will be marked as late (asterisk next to name)
 - ii. No guidance at the moment, APA said will be out by the end of June along with sample letters.
 - iii. Conversation continued.
 - iv. Citizen comment on OPEB, Mr. Garber said we will implement next year.
 - Mr. Garber reviewed the timeline of the audit and Ms. Lascolette commented on the data collection form due in December.
 - Citizen asked for clarification on Mr. Garber's comment that "we" will be booking yearend journal entries and Mr. Garber said the County books the yearend journal entries.
 - Citizen asked how many years they had been on the audit. Mr. Garber said this was the 6th year. The Citizen asked when the contract was over and Ms. Lascolette and Mrs. Horlacher said this was the last year. Mr. Garber said PBMares has had two 3-year contracts. Ms. Lascolette further explained that Goochland is allowed to renew once.

V. Mr. Budesky discussed the roles of the Audit Committee

- The Board Audit Committee was established in 2010
- Primary focus was the audit and meet 4 times a year
- Would like to expand the Committee's scope to:
 - i. Review quarterly financials and report to the Board of Supervisors
 - ii. Review financial policies
 - iii. Continue to oversee the audit
 - iv. Change the name to Finance and Audit Committee
- Continue to meet quarterly and as needed:
 - i. Mr. Alvarez commented when the Audit Committee was first formed it did review all financial policies at the time.
 - ii. Ms. Lascolette agrees and clarified after the Audit Committee's review the financials would go to the Board.
 - iii. Discussion regarding the charter continued and it was decided that Finance would draft the charter to reflect the new duties and present at the next meeting.
 - iv. Tentative quarterly meetings will be February, May, August and November, and can be adjusted as needed. Historically the committee has met July/August and December.

VI. Financial Management Policies

- Mrs. Horlacher reviewed the marked-up copy of the Financial Policy Guidelines (proposed rename Financial Management Policies).
- Added a number 4 regarding debt, post issuance compliance. This had been a part of the policies but not a part of the umbrella financial management policies.
- Added a revenue policy on page 18 due to the single audit requirements for a grant's manual. This will give the County Administrator the authority to establish handbooks, guidelines and operating procedures.
- Mr. Budesky commented that the grant's manual is in response to an audit comment from last year (not a finding, a comment). Some of the updates are just clean up. He also clarified that the Audit Committee will handle the high-level policies. County administration will handle the day to day regulations and procedures (how to manuals).
 - i. Ms. Lascolette asked for further explanation of paragraph 5 of the Federal, State and Private Grants and Cooperative Agreements section, Decentralized Responsibility. Mrs. Horlacher explained the Director(s) of the Department receiving the grant is responsible for ensuring the County meets all requirements of the grant regulations.
 - ii. It was also suggested that a link to the Grant Manual be included in the Financial Management Policies.

VII. Upcoming Meetings

- The suggested May meeting is today's meeting, which is the audit kick off meeting.
- August would be preliminary year end results
- November would be the CAFR meeting

VIII. Other Business

- Ms. Lascolette asked about the status reports from the Department of Social Services. Mr. Budesky responded that he does get reports monthly, nothing is behind, and they have done a great job keeping up with everything.
- Mrs. Jefferson reported Social Services is fully staffed as of June 1.
- Ms. Lascolette also asked about the status of Board of Supervisors helping Social Services with the state issues. Mrs. Jefferson noted that the state is continuing to inaccurate reporting. The example given for March 2017; new Medicaid applications showed 13 applications not done timely. Upon further research found that none of the past due applications were done in Goochland. They were all originated at the Virginia Call Center. 7 of 13 were never received by Goochland County. The remaining 6 were already overdue when Goochland received them from the call center.

IX. Ms. Lascolette adjourned the meeting

Goochland County's Finance & Audit Committee

PURPOSE

The Finance & Audit Committee's purpose is to assist the Board of Supervisors in fulfilling its oversight responsibilities for financial reporting, financial policies, internal control systems, and audit processes.

MEMBERSHIP

The Finance & Audit Committee consists of three Board members to be appointed annually by the Board of Supervisors at their January organizational meeting, ***the County Administrator, and the Director of Financial Services***. The Finance & Audit Committee will communicate activities of the committee to other Board of Supervisors members. The Finance & Audit Committee shall meet quarterly and minutes of the meetings shall be taken and maintained. Staff support may include representatives from Finance, the Schools Administration, the Treasurer's Office, and the Commissioner of Revenue's Office, per the preferences of the members of the Committee.

RESPONSIBILITIES

Representative responsibilities include:

- Consider the independent auditor's proposed audit scope and approach, and provide input on areas for special attention.
- Review annual financial statements and the results of the independent audit.
- Review the independent auditor's findings and recommendations, together with management's responses, regarding internal controls
- Recommend appointment, reappointment, or dismissal of independent auditors to the Board of Supervisors.
- Review quarterly financial statements submitted by the Finance Department
- Request regular/periodic financial reports on potential areas of concern, as needed
- Monitor any areas of concern regarding internal controls over financial reporting, as needed
- Review financial policies as needed

Goochland County's Finance & Audit Committee

Formatted: Left: 1", Right: 1", Top: 0.4", Bottom: 0.6", Footer distance from edge: 0.3"

PURPOSE

The Finance & Audit Committee's purpose is to assist the Board of Supervisors in fulfilling its oversight responsibilities for financial reporting, financial policies, internal control systems, and audit processes.

MEMBERSHIP

The ~~Audit Committee~~ Finance & Audit Committee consists of three Board members to be appointed annually by the Board of Supervisors at their January organizational meeting, ~~and membership shall also include the County Administrator and the Deputy County Administrator for Financial Services, the County Administrator, and the Director of Financial Services.~~ The Finance & Audit Committee will communicate activities of the committee to other Board of Supervisors members. The ~~Audit Committee~~ Finance & Audit Committee shall meet ~~at least twice a year, on a quarterly basis quarterly~~ and minutes of the meetings shall be taken and ~~and staff~~ maintained. Staff support ~~may should~~ include representatives from Finance, the Schools Administration, the Treasurer's Office, and the Commissioner of Revenue's Office, per the preferences of the members of the Committee.

Formatted: Font: Not Bold, Not Italic

Formatted: Font: Not Bold, Not Italic

RESPONSIBILITIES

Representative ~~audit~~ responsibilities include:

- Consider the independent auditor's proposed audit scope and approach, and provide input on areas for special attention.
- Review annual financial statements and the results of the independent audit.
- Review the independent auditor's findings and recommendations, together with management's responses, regarding internal controls
- Recommend appointment, reappointment, or dismissal of independent auditors to the Board of Supervisors.
- Review quarterly financial statements submitted by the Finance Department
- Request regular/periodic financial reports on potential areas of concern, as needed

Formatted: Font: (Default) Arial, 6 pt

Formatted: Right

Formatted: Font: (Default) Arial, 6 pt

• Monitor any areas of concern regarding internal controls over financial reporting, as needed

• Review financial policies as needed

Formatted: Font: (Default) Arial, 6 pt

Formatted: Right

Formatted: Font: (Default) Arial, 6 pt



Financial Management Policies

**GOOCHLAND COUNTY
VIRGINIA**

Adopted: November 6, 2013

Amended: August 5, 2014

Amended: Month DD, 2017

FINANCIAL MANAGEMENT POLICIES

TABLE OF CONTENTS

	<u>Page</u>
Policy Objectives	3
Operating Budget Policies	4
Capital Improvement Budget Policies	5
Debt Policies	6
Reserve Policies	8
Revenue Policies	10
Travel and Business Expense Policies	12

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 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 budget with a second year of projections of general fund revenues and expenditures. 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 balanced budget. A balanced budget is a budget with total expenditures equal to total revenues, including use of fund balance.
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 a five plan for capital improvements to be reviewed and updated each year.
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 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 and potential funding sources 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 more than 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 estimated market value of taxable property should not exceed 2.75%. Net debt is to include general obligation, capital leases, and enterprise fund revenue bonds, including accreted interest.
 - b) The ratio of debt service expenditures as a percent of total general fund expenditures (including transfers to other funds) should not exceed 12%. Limiting debt service expenditures in this way provides flexibility for other expenses in the budget.

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.

FINANCIAL MANAGEMENT POLICIES

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.

MINIMUM FUND BALANCE

Unassigned fund balances at the close of each fiscal year should be at least 20% 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.

The County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 20% policy for the purposes of a declared fiscal emergency or other such global purpose for the benefit of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be

accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

FINANCIAL MANAGEMENT POLICIES

REVENUE STABILIZATION RESERVE

The County will maintain a Revenue Stabilization Reserve of at least 1% 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 general fund revenues excluding use of prior year fund balance decline by more than 3% of the current fiscal year budget. In the event of a draw down, the Board will adopt a plan to restore the reserve to the policy level within 36 months from the date of the appropriation.

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

FINANCIAL MANAGEMENT POLICIES

fiscal agent, including any grant or cooperative agreement funds or items passed through to a sub-recipient.

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.



Financial ~~Policy Guidelines~~ Management Policies

For:

FINANCIAL MANAGEMENT POLICIES

**GOOCHLAND COUNTY
VIRGINIA**

Adopted: November 6, 2013
Amended: August 5, 2014
Amended: ~~Month DD~~ June 7, 2017

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

FINANCIAL POLICY GUIDELINES

County of Goochland, Virginia
August 2014

Formatted: Border: Bottom: (No border)

TABLE OF CONTENTS

	<u>Page</u>
Policy Objectives	3
Operating Budget Policies	4
Capital Improvement Budget Policies	5
Debt Policies	6
Reserve Policies	<u>78</u>
<u>Revenue Policies</u>	<u>810</u>
<u>Travel and Business Expense Policies</u>	<u>912</u>

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

FINANCIAL POLICY GUIDELINES

County of Goochland, Virginia

August 2014

Formatted: Border: Bottom: (No border)

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Space Before: Auto, After: Auto

FISCAL FINANCIAL POLICY GUIDELINES MANAGEMENT POLICIES - OBJECTIVES

Formatted: Underline

~~This~~ ~~The~~ ~~fiscal~~ ~~financial~~ ~~management~~ ~~policies~~ ~~is~~ ~~are~~ ~~a~~ ~~statement~~ ~~of~~ the guidelines and goals that will influence and guide the financial management practice of Goochland County. ~~A~~ ~~fiscal~~ ~~Financial~~ ~~policies~~ that ~~is~~ ~~are~~ adopted, adhered to, and regularly reviewed ~~is~~ ~~are~~ recognized as the cornerstone of sound financial management. Effective ~~fiscal~~ ~~financial~~ ~~management~~ ~~policy~~ ~~policies~~:

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

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

To these ends, the following ~~fiscal-financial policy statements~~ management policies are presented.

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

FINANCIAL POLICY GUIDELINES *Continued* County of Goochland, Virginia August 2014

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. ~~In order to~~To enhance financial planning, the County will prepare an annual budget with a second year of projections of general fund revenues and expenditures. Further, long range forecasts will be included for years three through five which ~~take into account~~consider the impact of projects in the Capital Improvement Program.

3. The ~~County Board of Supervisors~~ will adopt an annual balanced budget. A balanced budget is a budget with total expenditures equal to total revenues, including use of fund balance.

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.

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Underline

Formatted: Indent: Left: 0.5", Hanging: 0.38", Space Before: 12 pt, After: Auto, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.75" + Indent at: 2", Tab stops: 0.88", Left

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

FINANCIAL POLICY GUIDELINES *Continued* County of Goochland, Virginia August 2014

CAPITAL IMPROVEMENT BUDGET POLICIES

1. The County will consider capital improvements in accordance with an adopted capital improvement program.
2. The County will develop a five ~~or six year~~ plan for capital improvements to be reviewed and updated each year.
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 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 and potential funding sources for each capital project proposal.
7. The County will attempt to determine the least costly and most flexible financing method for all new projects.

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Underline

Formatted: Indent: Left: 0.5", Hanging: 0.38", Space Before: Auto, After: Auto, Tab stops: 0.88", Left + Not at 1.25"

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Indent: Left: 0", First line: 0", Space Before: Auto, After: Auto, Tab stops: 0.88", Left

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

FINANCIAL POLICY GUIDELINES *Continued*

Formatted: Underline

County of Goochland, Virginia

August 2014

DEBT POLICIES

1. The County will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances ~~in excess of more~~ than 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 estimated market value of taxable property should not exceed 2.75%. Net debt is to include general obligation, capital leases, and enterprise fund revenue bonds, including accreted interest.
 - b) The ratio of debt service expenditures as a percent of total general fund expenditures (including transfers to other funds) should not exceed 12%. Limiting debt service expenditures in this way provides flexibility for other expenses in the budget.

Formatted: Indent: Left: 0.5", Space Before: 12 pt, Tab stops: 0.88", Left + Not at 1.25"

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

b)

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Space Before: 12 pt, Tab stops: 0.88", Left

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

FINANCIAL POLICY GUIDELINES *Continued*

Formatted: Underline

County of Goochland, Virginia

Formatted: Justified, Space Before: 12 pt, Border: Top: (Single solid line, Auto, 0.75 pt Line width), Tab stops: 0.88", Left

August 2014

Formatted: Space Before: 12 pt, Tab stops: 0.88", Left

FUND BALANCE RESERVE POLICIES

Formatted: Space Before: 12 pt

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 intent can be expressed by the Board~~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.

Formatted: Indent: Left: 0.5", Space Before: 12 pt, Tab stops: 0.88", List tab + Not at 1.25"

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Space Before: 12 pt

MINIMUM FUND BALANCE

Unassigned fund balances at the close of each fiscal year should be at least 20% 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.

The County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 20% policy for the purposes of a declared fiscal emergency or other such global purpose for the benefit of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be

FINANCIAL POLICY GUIDELINES *Continued*

Formatted: Space Before: 12 pt, Border: Top: (No border)

County of Goochland, Virginia

Formatted: Space Before: 12 pt

August 2014

accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

Formatted: Font: Bold

Formatted: Font: 6 pt

Formatted: Font: 10 pt

FINANCIAL MANAGEMENT POLICIES

Formatted: Font: 14 pt

Formatted: Centered

REVENUE STABILIZATION RESERVE

The County will maintain a Revenue Stabilization Reserve of at least 1% 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 ~~in the event that~~ if general fund revenues excluding use of prior year fund balance decline by more than 3% of the current fiscal year budget. In the event of a draw down, the Board will adopt a plan to restore the reserve to the policy level within 36 months from the date of the appropriation.

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.

Formatted: Font: 6 pt

Formatted: Font: 10 pt

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

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Underline

Formatted: Font: Bold

Formatted: Body Text, Justified, Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Indent: Left: 0.5", Hanging: 0.38", Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted

Formatted: Font: Bold

Formatted: Body Text, Justified, Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Indent: Left: 0.5", Hanging: 0.38", Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted

Formatted: Font: Bold

Formatted: Body Text, Justified, Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Indent: Left: 0.5", Hanging: 0.38", Space Before: 12 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.88" + Indent at: 1.13", Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted

Formatted: Font: (Default) Times New Roman

Formatted: Font: Bold

Formatted: Body Text, Justified, Space Before: 12 pt, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Indent: Left: 0.5", Hanging: 0.38", Space Before: 12 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.56" + Indent at: 0.81", Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted

Formatted

Formatted

FINANCIAL MANAGEMENT POLICIES

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.

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.

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: Not Bold

Formatted: Indent: Left: 0.88", Hanging: 0.38", Space Before: 12 pt

Formatted: Space Before: 12 pt

Formatted: Font: 6 pt

Formatted: Font: 10 pt

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.

Formatted: Font: 14 pt

Formatted: Centered

Formatted: Font: (Default) Times New Roman, Underline, Font color: Black

Formatted: Underline

Formatted: Font: (Default) Times New Roman, Underline, Font color: Black

Formatted: Justified, Space Before: Auto, After: Auto

Formatted: Font: (Default) Times New Roman

Formatted: Body Text, Justified, Space Before: Auto, After: Auto, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman, Font color: Black

Formatted: Justified, Space Before: Auto, After: Auto

Formatted: Font: (Default) Times New Roman, Font color: Black

Formatted: Space Before: Auto, After: Auto

Formatted: Font: 6 pt

Formatted: Font: 10 pt

County of Goochland, Virginia

General Fund
FY17 Year-End Estimate

Year Ended June 30, 2017

	Final Budget	Projected	Variance with Final Budget - Positive (Negative)
REVENUES			
Total revenues	\$ 47,452,457	\$ 52,363,263	\$ 4,910,806
EXPENDITURES			
Current:			
General government administration	4,751,617	4,332,382	419,235
Judicial administration	1,738,830	1,716,551	22,279
Public safety	9,489,802	8,644,075	845,727
General services	2,164,238	2,142,700	21,538
Health and welfare	3,771,607	3,600,952	170,655
Education	21,699,100	21,320,034	379,066
Parks and recreation	932,031	961,764	(29,733)
Community development	1,478,381	1,345,530	132,851
Debt service:			
Principal retirement	1,740,000	1,740,000	-
Interest and other fiscal charges	1,308,522	1,276,510	32,012
Total expenditures	49,074,128	47,080,498	1,993,630
Excess (deficiency) of revenues over (under) expenditures	(1,621,671)	5,282,765	6,904,436
OTHER FINANCING SOURCES (USES)			
Total transfers net	(5,892,000)	(5,191,816)	700,184
Net change in fund balance	(7,513,671)	90,949	7,604,620
Fund balance - beginning	34,385,822	34,385,822	-
Fund balance - ending	\$ 26,872,151	\$ 34,476,771	\$ 7,604,620

Estimated FY2017 General Fund Year End Reservations

Total Fund Balance 6/30/16, per CAFR: \$ 34,385,822
 Unassigned Fund Balance as of 6/30/16, per CAFR: \$ 19,404,095

Description	Estimated Amount	Fund Balance Classification
Prepaid items	\$ 138,000	Nonspendable
Due From TCSD in future years (Three Chopt Loan)	\$ 2,117,634	Nonspendable
Reservation for Fire-Rescue Notes Receivable	\$ 152,650	Nonspendable
Inventories	\$ 10,488	Nonspendable
Conservation Easement Stewardship	\$ 15,360	Restricted
Courthouse Maintenance funds In GF Balance (Fund 42)	\$ 40,000	Restricted
Reserve for future school debt	150,000	Assigned
Reserve for Louisa Border Engineering & Surveying Costs	140,000	Assigned
Broadband Plan (unspent from FY2016)	50,000	Assigned
Zoning and Subdivision Ordinance Revisions (unspent from FY2016)	25,000	Assigned
For FY2018 General Fund budget	2,000,000	Assigned
TCSD Debt - reserve to help address future debt costs	1,000,000	Assigned
Reservation for Economic Development and Planning Initiatives	500,000	Assigned
Reservation for Parks Development and Land Acquisition	118,000	Assigned
Reservation for Schools Retiree Healthcare Liability	120,000	Assigned
Reservation for County Retiree Healthcare Liability	210,000	Assigned
Citizen Survey costs	35,000	Assigned
Fire-Rescue Initiatives	165,000	Assigned
Fire-Rescue - EMS Cost Recovery revenues above expenses	850,000	Assigned
Courthouse Security funds In GF Balance	168,000	Assigned
Social Services unspent funds in GF Balance (Fund 40)	200,000	Assigned
Reservation for Encumbrances rolled forward	21,950	Assigned
FY18 CIP	1,130,000	Assigned
FY19 CIP	3,300,000	Assigned
FY20 CIP	450,000	Assigned
Animal Shelter (previously appropriated)	592,000	Assigned
Revenue Stabilization Reserve - at least 1% of Annual Budget	560,000	Assigned
Increase revenue stabilization	20,000	Assigned
IT reservations (appropriate \$20,000 and \$55,100)	80,000	Assigned
Centerville streetscape (appropriate)	15,000	Assigned
Schools - reserve unspent FY17 budget	379,066	Assigned
Traffic Projects (study and design) (appropriate \$200,000)	260,000	Assigned
Total Estimated General Fund Balance 6/30/17	\$ 34,476,771	
Nonspendable	\$ 2,418,772	
Restricted	\$ 55,360	
Assigned	\$ 12,539,016	
Unassigned	\$ 19,463,623	