



BOARD OF SUPERVISORS FINANCE AND AUDIT COMMITTEE

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

**AUGUST 01, 2023 @ 12:30 PM
BOARD MEETING ROOM 270
GOOCHLAND COUNTY ADMINISTRATION BUILDING
1800 SANDY HOOK RD., GOOCHLAND, VA 23063**

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES FROM MAY 2, 2023 (page 2)
- III. FY2023 AUDIT KICK OFF
- IV. FY2023 4TH QUARTER PROJECTED RESULTS AND RECOMMENDED FUND BALANCES (pages 3-6)
- V. REVIEW GOOCHLAND COUNTY FINANCIAL MANAGEMENT POLICIES (pages 7-17)
- VI. REVISIT 25-YEAR CIP PLAN (pages 18-19)
- VII. REVIEW TCSD DEBT OUTSTANDING (page 20)
- VIII. OTHER BUSINESS
- IX. PUBLIC COMMENT
- X. ADJOURNMENT TO 12:30 PM NOVEMBER 7, 2023

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

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

**May 2, 2023 @ 12:30 PM
Administration Building
1800 Sandy Hook Road, Goochland VA 23063
Room 270**

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

The Goochland County Finance and Audit Committee (FAAC) meeting was held on May 2, 2023, at 12:30 PM in the Room 250. Voting members present:

District 5 Supervisor, Ken Peterson, Chairman
District 4 Supervisor, Charlie Vaughters
District 2 Supervisor, Neil Spoonhower
County Administrator, Victor Carpenter
Director of Financial Services, Carla Cave

- I. Mr. Peterson called the meeting to order at 12:30 PM.
- II. Mr. Peterson explained to the audience the purpose of the Finance and Audit Committee.
- III. Mr. Peterson called for approval of the minutes of the April 4, 2023 meeting. A motion was made to approve the minutes, and the motion was seconded. The motion passed on unanimous vote.
- IV. Mrs. Cave gave a presentation of the third quarter financial projections.
- V. Mr. Peterson announced the primary goal for the meeting is to tell the story of the TCSD and its origins, where it came from, why it's here, what it does, and going forward, what it might look like. He presented selected slides from previous public meetings, including the original Tuckahoe Creek Service Debt Plan dated May of 2002, the restructuring of the original bonds in 2012, and several others.
- VI. Other Business: None
- VII. Public Comment: Public comment was given on the discussion of the TCSD debt.
- VIII. Mr. Peterson adjourned to August 1, 2023, at 12:30 PM.



**SCHEDULED
 ACTION ITEM**

(ID # 5773)

**PRESENTATION - FY2023 YEAR END FUND BALANCE PROJECTION
 AND FUND BALANCE ASSIGNMENTS**

✓ Vote Record - Action Item 5773					
<input type="checkbox"/> Adopted <input type="checkbox"/> Adopted as Amended <input type="checkbox"/> Defeated <input type="checkbox"/> Tabled <input type="checkbox"/> Withdrawn <input type="checkbox"/> Recommended for Approval <input type="checkbox"/> Recommended for Denial <input type="checkbox"/> Recommended for Approval as Amended <input type="checkbox"/> Deferred <input type="checkbox"/> Consensus of the Board <input type="checkbox"/> Approved <input type="checkbox"/> Tabled by Consensus <input type="checkbox"/> Approved as Amended <input type="checkbox"/> Recusal <input type="checkbox"/> Strike <input type="checkbox"/> No quorum <input type="checkbox"/> Public Hearing Held <input type="checkbox"/> Reviewed <input type="checkbox"/> None <input type="checkbox"/> Return to PC on Tie Vote <input type="checkbox"/> Recommended for Approval (Defeated) <input type="checkbox"/> Remand to PC					
		Yes/Aye	No/Nay	Abstain	Absent
	Susan Lascolette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ken Peterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	John Lumpkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Neil Spoonhower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Charlie Vaughters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Strat Goal 1	Efficient, effective, and transparent government; emphasis on customer service excellence	X
Strat Goal 2	Balanced development that contributes to the welfare of the community and preserves its rural character	
Strat Goal 3	Excellence in Financial Management	X
Strat Goal 4	High Quality Core Services including Education, Public Safety, and Community Health	
Strat Goal 5	Positive Work Environment with a Highly Qualified, Diverse Workforce	

Board Action Requested

The Board is to receive information on preliminary FY2023 general fund results. Based on that information, the Board is requested to approve assigned uses of general fund balance as of June 30, 2023.

Summary of Information

Attached are general fund preliminary results for FY2023. Preliminary results for FY2023 indicate an ending fund balance of \$57,546,968, an increase of \$9,915,071 over the FY2022 fund balance.

The second attachment lists recommended assigned uses of the estimated general fund balance as of June 30, 2023. Some of the assigned uses are carryovers from previous years, others are consistent with FY2024 budgets, and others are new recommendations. Staff requests approval of the fund balance assignments. As these assignments are based on estimates, they will be refined for inclusion in the County's FY2023 financial statements.

Action Item

Meeting of August 1, 2023

Approval of these assignments does not result in the appropriation of funds.

Draft Motion

I move that the Goochland County Board of Supervisors approve/ approve as amended/ deny the June 30, 2023 preliminary fund balance assignments.

ATTACHMENTS:

- FY23 4TH QTR PROJECTIONS (PDF)
- FY23 Fund Balance (PDF)

County of Goochland, Virginia
General Fund
FY23 Fourth Quarter Projections

Year Ended June 30, 2023

	Adopted Budget	Final Budget	Year-End Projected	Variance with Final Budget - Positive (Negative)
REVENUES				
Total revenues	\$ 73,785,701	\$ 74,274,754	\$ 86,415,262	\$ 12,140,508
EXPENDITURES				
Current:				
General government administration	6,312,517	6,479,105	6,228,500	250,605
Judicial administration	2,314,993	2,376,612	2,173,380	203,232
Public safety	19,251,911	20,291,854	18,725,500	1,566,354
General services	3,543,722	3,696,799	3,589,600	107,199
Health and welfare	4,617,786	4,690,911	4,242,500	448,411
Education	25,500,000	25,863,687	24,800,000	1,063,687
Parks and recreation	1,676,809	1,719,783	1,671,750	48,033
Community development	2,433,101	2,796,423	2,226,810	569,613
Nondepartmental	1,279,436	351,376	238,000	113,376
Debt service:				
Principal retirement	3,276,000	3,276,000	3,276,000	-
Interest and other fiscal charges	2,235,426	2,235,426	2,193,151	42,275
Total expenditures	72,441,701	73,777,976	69,365,191	4,412,785
Excess (deficiency) of revenues over (under) expenditures	1,344,000	496,778	17,050,071	16,553,293
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Funds	(5,400,000)	(6,650,000)	(6,650,000)	-
Transfer to Office of Children's Services Fund	(950,000)	(950,000)	(485,000)	465,000
Total transfers net	(6,350,000)	(7,600,000)	(7,135,000)	465,000
Net change in fund balance	(5,006,000)	(7,103,222)	9,915,071	17,018,293
Fund balance - beginning	47,631,897	\$ 47,631,897	\$ 47,631,897	-
Fund balance - ending	\$ 42,625,897	\$ 40,528,675	\$ 57,546,968	\$ 17,018,293
Nonspendable			255,086	
Restricted			60,088	
Revenue Stabilization (Committed)			3,500,000	
Committed			916,094	
Assigned			26,981,769	
Unassigned			25,833,931	
Projected Fund balance - ending			\$ 57,546,968	
FINANCIAL POLICY COMPLIANCE				
Target debt policy			10%	
Actual debt service expenditures to total GF expenditures			7.1%	
Unused capacity to target			2.9%	
Target unassigned fund balance target			25%	
Actual unassigned fund balance			25.1%	
Exceed target (favorable variance)			0.1%	
Revenue stabilization policy			3%	
Actual revenue stabilization			3.4%	

Attachment: FY23 4TH QTR PROJECTIONS (5773 : Year End Projection and FY23 Fund Balance Assignments)

FY2023 General Fund Year End Balances (Proposed)

Total Fund Balance 6/30/22, per CAFR: \$ 47,631,897

Description	06.30.22 Final Amount	06.30.23 Proposed Amount	Fund Balance Classification
Prepaid items	208,610	248,137	Nonspendable
Inventories	5,874	6,949	Nonspendable
Conservation Easement Stewardship	15,360	15,360	Restricted
Courthouse Maintenance funds In GF Balance (Fund 142)	30,639	44,728	Restricted
Revenue Stabilization Reserve - at least 3% of Annual Budget	3,000,000	3,500,000	Committed
Schools GES Additional Funding Per Board Action	-	916,094	Committed
Reserve for future debt service	6,000,000	6,000,000	Assigned
TCS D Debt - reserve to help address future debt costs	1,000,000	1,000,000	Assigned
Courthouse Security funds In GF Balance for Sheriff	150,000	150,000	Assigned
Social Services unspent funds in GF Balance (Fund 140)	132,147	186,000	Assigned
Reservation for Encumbrances rolled forward	528,401	225,000	Assigned
FY24 Capital Projects County	4,400,000	3,909,702	Assigned
FY24 Capital Projects Schools	-	4,447,380	Assigned
Future transportation studies	1,000,000	2,000,000	Assigned
Schools turnback	728,251	1,063,687	Assigned
Future CIP projects	3,000,000	8,000,000	Assigned
Reservation for Parks Development and Land Acquisition	43,000	-	Assigned
Citizen survey costs	35,000	-	Assigned
Sheriff turnback for CAD system	100,000	-	Assigned
FY23 CIP Inflation factor	1,600,000	-	Assigned
Fuel reserve	500,000	-	Assigned
Unassigned	25,154,615	25,833,931	Unassigned
Total Year-End Fund Balance	47,631,897	\$ 57,546,968	

Summary:

Nonspendable	\$ 214,484	\$ 255,086
Restricted	45,999	60,088
Committed	3,000,000	4,416,094
Assigned	19,216,799	26,981,769
Unassigned	25,154,615	25,833,931
	\$ 47,631,897	\$ 57,546,968

Attachment: FY23 Fund Balance (5773 : Year End Projection and FY23 Fund Balance Assignments)



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

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 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 minimum five-year plan for capital improvements to be reviewed and updated each year, 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 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 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.

MINIMUM FUND BALANCE

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

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 general fund revenues, excluding use of prior year fund balance, decline by more than 1.5%; or,
2. Subsequent fiscal year - During the annual budget cycle real estate assessments are forecast to decrease 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

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.

	DATE ISSUED	ORIGINAL AMOUNT	PURPOSE	BALANCE JUNE 30, 2023	FY24 DEBT SERVICE	DOCUMENT LOCATION	FINAL PAYMENT DATE	INTEREST RATES
UTILITY DEBT								
2002 VRA TCSD	07.31.02	62,747,167	To finance development of and improvement to water and sewer system in Tuckahoe Creek Service District	6,820,408	3,962,709	Carla's office	10.01.27	4.74% - 5.35%
2012 VRA TCSD (Refunded 07/2020 bal remains)	11.06.12	56,053,736	To refund and defease certain maturities of the 2002 bonds	6,730,000	257,086	Carla's office	10.01.29	3.55% - 4.01%
2020 VRA TCSD	07.29.20	61,350,000	To refinance 2012 debt used to finance various water and sewer improvements in the Tuckahoe Creek Service District	61,350,000	1,401,102	Carla's office	10.01.41	1.61% - 2.56%
2016A VRA VPFP	04.25.16	3,605,000	To refinance 2006 and 2007 debt. The 2006 local bond was used to refinance the Water and Sewer Revenue Bond, Series 2000. The 2007 local bond was used to finance capital improvements to and the expansion of the water and sewer facilities providing service to the courthouse area within the County	2,065,000	399,838	Carla's office	10.01.29	4.15% - 5.13%
2022A VRA VPFP	02.15.22	5,735,000	EGPS Forcemain Pipe Replacement	5,735,000	438,941		09.30.42	4.31% - 5.13%