BOARD OF SUPERVISORS
FINANCE AND AUDIT COMMITTEE

MAY 1, 2018 @ 12:00 PM
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 MARCH 6, 2018

III. FINANCIAL POLICIES

IV. GENERAL FUND FY2018 THIRD QUARTER RESULTS

V. NEW FINANCIAL SYSTEM CONTRACT

VI. UPCOMING MEETING; AUGUST OR SEPTEMBER

VII. OTHER BUSINESS

VIII. PUBLIC COMMENT

IX. ADJOURNMENT

Goochland County
Finance and Audit Committee Meeting
March 6, 2018 @ 11:30 AM
Administration Building
1800 Sandy Hook Road, Goochland VA 23063
Board Conference Room

The Goochland County Finance and Audit Committee (FAAC) meeting was held on March 6th, 2018 at 11:30 AM in the Board Conference Room. Present were:

District 1 Supervisor Susan Lascolette, Jr., Chairman Audit Committee
District 5 Supervisor Ken Peterson, Vice Chairman Audit Committee
District 2 Supervisor Manuel Alvarez
County Administrator John Budesky
Director of Financial Services Barbara Horlacher
Assistant Director of Financial Services Kathleen Smith
School Finance Director Debbie White
Citizen

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

I. Ms. Lascolette called the meeting to order. A determination of quorum was made as 5 voting members were present.

II. Mr. Alvarez moved to approve the minutes to the meeting held on November 28, 2017. Mr. Peterson seconded, and the motion passed on unanimous vote.

III. Mrs. Horlacher presented the General Fund FY2018 second quarter projections and budget supplement(s):

- Current projection is a $2.4 million in excess revenue primarily due to bank stock taxes, personal property tax, interest revenue and building permit fees
- Estimated $1 million in expenditure savings
- Parks & Recreation needs $40,000 budget supplement to be offset with $40,000 revenues, need to review pricing to ensure the programs are paying for themselves
- Ms. Lascolette and Mr. Peterson requested that Parks & Recreation department ensures that the programs we offer do not conflict or undercut citizens offering the same service
- Mr. Peterson noted the savings in Public Safety, which is due to vacancies in the Sheriff's office not because we are cutting Public Safety
- Discussion continued on the Budget Supplements; the FAAC will review and recommend the supplements to the Board of Supervisors

Mrs. Horlacher made a motion that the FAAC recommend that the Board of Supervisors approve the Budget Supplement, $40,000 for the Parks & Recreation Department to be supports by fees, and Mr. Alvarez seconded the motion. Ms. Lascolette requested we review programs fees due to rising costs of instructors' fees.

- Mr. Budesky noted the minimum requirements to have a class and will have Mr. Stamey provide an update
- Mr. Alvarez noted these programs are not intended to make revenue, they are a service the County provides to the citizens
- Mr. Peterson recommended the County look at the fixed costs as well when evaluating

The motion passed on unanimous vote.

IV. Ms. Lascolette brought the next item of business, the Audit Contract, 3 year term for Professional Auditing Services, to be presented to the Board Meeting. Mrs. Horlacher discussed the 3 year contract with PBMares, two selection committee members were present at the meeting; Mrs. Horlacher and Mrs. White.

- Negotiated a $1,000 per year increase ($71,000 year one, $72,000 year two, $73,000 year three) versus the proposed 3% increase
- The contract is for 3 years plus it is extendable, at the discretion of the county, for 2 additional years (total possible 5 years)
- Includes Schools, EDA and Social Services
- Mr. Budesky noted that with the change in Audit Lead and all factors considered, the Audit Selection Committee was comfortable in recommending PBMares as best suited for the Professional Auditing Services

Mr. Peterson made a motion that the FAAC recommend the Audit Contract with PBMares to the Board of Supervisors, and request that they authorize the County Administrator to execute the contract for a 3 year term with 2 one year optional extensions, as presented, Mr. Alvarez seconded, and the motion passed on unanimous vote.

V. New Financial System, Mrs. Horlacher provided an update on the status of the project.

- Funding for the project is set aside, $1,997,562
- In the process of negotiating the contract, to be brought to the FAAC in May
- Partnering with Barry Dunn for project management, and have identified a County IT employee to act as Project Manager
- Projecting early summer start, 26 month total implementation in a 2 Phase approach - 13 months each

VI. The next meeting will be in May, actual date to be set

VII. No other business

VIII. Ms. Lascolette asked for Public Comment; Citizen Sandra Warwick thanked the Audit Selection Committee and the FAAC for being sensitive to the concerns of citizens

IX. Ms. Lascolette adjourned the meeting

Financial Management Policies

GOOCHLAND COUNTY
VIRGINIA

Adopted: November 6, 2013
Amended: August 5, 2014
Amended: September 5, 2017
Amended: May X, 2018

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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.

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.

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.

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.

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 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.

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.

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 with 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.

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.

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.

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.
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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 Management Policies

GOOCHLAND COUNTY
VIRGINIA

Adopted: November 6, 2013
Amended: August 5, 2014
Amended: September 5, 2017
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In the event of an emergency or other global purpose for the benefit of the County, ~~T~~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~~replenish the available fund balance to the policy level within the next three fiscal years from the date of draw down.

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TRAVEL AND BUSINESS EXPENSE POLICIES

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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.

Summary of Information

The Board's Operating Budget Policy calls for a quarterly update of general fund revenues and expenditures to be provided to the Board and the public. Attached is a projection/estimate of FY2018 general fund revenues and expenditures as compared to the FY2018 adopted and amended budgets.

Total revenues for FY2018 are estimated to be $54.3 million, or $3.9 million over FY2018 budgeted revenues. The increase over budget is primarily due to higher than expected personal property taxes, delinquent tax collections, and bank stock taxes.

Operating expenditures are forecast to be $50.5 million, or $1.1 million below budget. Approval of the following budget amendments is requested.

- An increase of $25,000 to the County Administrator's budget supported by a decrease in reserve for contingencies

- A $15,000 transfer of fuel costs from the Grounds Management budget to the Facilities Management budget.

Overall, operating revenues are projected to exceed operating expenditures by approximately $3.8 million. After transfers, the total fund balance is projected to remain at approximately $34.4 million.

County of Goochland, Virginia

General Fund

FY18 Third Quarter Projections

Year Ended June 30, 2018

	Adopted Budget	Final Budget	Year-End Projected	Variance with Final Budget - Positive (Negative)
REVENUES				
Total revenues	$ 50,133,957	$ 50,423,929	$ 54,292,337	$ 3,868,408
EXPENDITURES				
Current:				
General government administration	5,179,344	4,890,844	4,879,381	11,463
Judicial administration	1,642,525	1,705,304	1,701,000	4,304
Public safety	10,115,703	10,197,275	9,354,000	843,275
General services	2,343,317	2,364,317	2,340,000	24,317
Health and welfare	3,725,194	3,725,194	3,618,764	106,430
Education	21,830,000	22,209,066	22,209,066	-
Parks and recreation	882,287	926,087	925,000	1,087
Community development	1,558,739	2,113,969	2,000,000	113,969
Debt service:				
Principal retirement	3,078,550	3,078,550	3,078,550	-
Interest and other fiscal charges	432,298	432,298	432,298	-
Total expenditures	50,787,957	51,642,904	50,538,059	1,104,845
Excess (deficiency) of revenues over (under) expenditures	(654,000)	(1,218,975)	3,754,278	4,973,253
OTHER FINANCING SOURCES (USES)				
Total transfers net	(2,551,000)	(3,818,100)	(3,787,100)	(31,000)
Net change in fund balance	(3,205,000)	(5,037,075)	(32,822)	4,942,253
Fund balance - beginning	-	34,458,838	34,458,838	-
Fund balance - ending	$ (3,205,000)	$ 29,421,763	$ 34,426,016	$ 4,942,253
Nonspendable			1,898,984	
Restricted			15,360	
Revenue Stabilization			1,815,700	
Assigned			12,481,173	
Unassigned			18,214,799	
Projected Fund balance - ending			$ 34,426,016	

GOOCHLAND COUNTY

Board of Supervisors
1800 Sandy Hook Road
Goochland, VA 23063

Meeting: 05/01/18 03:00 PM
Department: Finance
Category: Agreements, Contracts, Lease, Procurement
Prepared By: Wanda Tormey
Department Head: Wanda Tormey
(ID # 2738)

SCHEDULED ACTION ITEM

AUTHORIZATION FOR COUNTY ADMINISTRATOR TO EXECUTE AN AGREEMENT FOR SOFTWARE AND IMPLEMENTATION SERVICES FOR A ENTERPRISE RESOURCE PLANNING (ERP) SOLUTION.

Refer to Board Packet pages 107-143 for full details

✓ Vote Record - Action Item 2738

☐ Adopted
☐ Adopted as Amended
☐ Defeated
☐ Tabled
☐ Withdrawn
☐ Recommended for Approval
☐ Recommended for Denial
☐ Recommended for Approval as Am
☐ Deferred
☐ Consensus of the Board
☐ Approved
☐ Tabled by Consensus
☐ Approved as Amended
☐ Recusal
☐ Strike
☐ No quorum

		Yes/Aye	No/Nay	Abstain	Absent
Susan Lascolette		☐	☐	☐	☐
Manuel Alvarez		☐	☐	☐	☐
Robert Minnick		☐	☐	☐	☐
Ken Peterson		☐	☐	☐	☐
John L. Lumpkins		☐	☐	☐	☐

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 requested to authorize the County Administrator to execute the attached agreement for software and implementation of a new Enterprise Resource Planning (ERP) solution with Tyler Technologies, Incorporated (“Munis” financial system).

Summary of Information
The County issued a Request for Proposal (RFP) on February 3, 2017 for a new financial system to be used by the County, Schools, and Community Services.

The County received six (6) proposals which were evaluated and ranked by an evaluation committee. The evaluation committee members were Barbara Horlacher, Qiana Foote, Pam Duncan, Jennifer Brown, Debbie White, and Stephanie Wyche. The evaluation committee received assistance and oversight from Purchasing and our consultant, Berry Dunn.

The committee determined that two (2) offerors met the needs and requirements of the functional and technical requirements of the RFP and were invited to provide demonstrations for staff.

Tyler Technologies was able to demonstrate and best meet the County's needs.

Negotiations were then conducted, and staff was successful in negotiating a contract price of $692,019 which includes all maintenance fees for a three (3) period:

Software	$ 178,931
Services	348,480
Equipment	4,950
Estimated travel	93,160
Maintenance fees 3 yrs.	66,498
Total	$692,019

The anticipated planning and implementation process for this project is 27 months. The work will be billed as incurred for the majority of the project.

Staff is allowing a project contingency of $60,000 and does not expect the total contract to exceed $752,019.

The contract price and contingency can be accommodated within the Capital Improvement Project (CIP) budget.

Staff requests that the Board of Supervisors authorize the County Administrator to execute the attached software and implementation agreement with Tyler Technologies, Inc. which has been approved as to form by the County Attorney.

Tara A. McGee

Tara A. McGee, County Attorney 4/23/2018

John A. Budesky

John A. Budesky, County Administrator 4/24/2018

ATTACHMENTS:

- Tyler Contract (PDF)