



**BOARD OF SUPERVISORS
FINANCE AND AUDIT COMMITTEE**

**SEPTEMBER 04, 2018 @ 11:30 AM
BOARD CONFERENCE ROOM
(INSIDE THE BOARD MEETING ROOM)
GOOCHLAND COUNTY ADMINISTRATION BUILDING
1800 SANDY HOOK RD., GOOCHLAND, VA 23063**

- I. CALL TO ORDER
- II. ELECTION OF OFFICERS
- III. APPROVAL OF MINUTES FROM MAY 1, 2018
- IV. FY2018 AUDIT KICK OFF
- V. REVIEW OF CHANGES TO FINANCE AND AUDIT COMMITTEE CHARTER
- VI. REVIEW PRELIMINARY YEAR-END RESULTS
- VII. FUND BALANCE ASSIGNMENTS
- VIII. UPCOMING MEETING; NOVEMBER 26 (SPECIAL MEETING)
- IX. OTHER BUSINESS
- X. PUBLIC COMMENT
- XI. ADJOURNMENT

Goochland County
Finance and Audit Committee Meeting
May 1, 2018 @ 12:00 PM Noon
Administration Building
1800 Sandy Hook Road, Goochland VA 23063
Board Conference Room

The Goochland County Finance and Audit Committee (FAAC) meeting was held on May 1, 2018 at 12:00 PM 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
Chief Deputy Treasurer Pam Duncan
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. Peterson moved to approve the minutes to the meeting held on March 6, 2017. Mr. Alvarez seconded, and the motion passed on unanimous vote.
- III. Mrs. Horlacher presented the amendments to the Financial Policies:
 - The changes are recommended by the County’s financial advisor to clarify and become up to date with comparable communities.
 - Debt policies:
 - i. Net Debt as a percentage of taxable assessed real estate values lowering from 2.75% to 2.5%.
 - ii. Specify the debt included in the calculation shall only be debt supported by the general fund. Debt that is self-supporting such as ad valorem tax or other self-supporting debt is not included in the calculation.
 - iii. Ratio of debt service expenditures as a percent of total general fund expenditures (including transfers to other funds) change from “should not exceed 12%” to “shall have a target of 10% with a ceiling of 12%”. This general fund debt, not self-supporting or dedicated streams of revenues.
 - Provided an estimate of the future debt payments using conservative historic growth rates of 5% on expense and 3% on revenues; all ratios, based on the estimates, are within the new ratios.
 - Fund balance policy changes involve revenue stabilization and the minimum unassigned fund balance:

- i. Revenue stabilization reserve was at 1%, changing to 3% of the annual adopted general fund budget of the subsequent year. Amounts to about \$1.8 million.
- ii. Triggers for using revenue stabilization funds:
 1. 3rd or 4th quarter forecasted general fund revenues, excluding use of prior year fund balance, decline by more than 1.5% (down from 3%).
 2. During annual budget cycle; if real estate assessments forecast to decrease more than 3% over previous year assessments.
 3. Can use only the half of the revenue stabilization balance.
 4. Board must plan and have the funds replenish funds used within 3 fiscal years.
- iii. Existing unassigned fund balance policy, at the close of year end, should be at least 20%, adding “with a target of 25%”.
 1. Clarified the Board needs to plan and have the funds restored within the next 3 fiscal years.

Mr. Alvarez made a motion to recommend the changes to the Board, Mrs. Peterson seconded the motion, and it passed on unanimous vote.

IV. Mrs. Horlacher presented the general fund FY2018 third quarter results.

- Projected FY2018 revenues are \$54.3 million, \$3.9 million over budget, primarily due to:
 - i. Bank stock budgeted at \$100 thousand projected to be \$1 million
 - ii. Personal property budgeted at \$8.3 million projected to be \$9.4 million
 - iii. Building permits budgeted at \$850 thousand projected to be \$1.3 million
- Expenditures are projected to be \$1.1 million under budget, which is consistent with the past.
- Operating surplus is \$3.7 million
- Transfers are \$3.7 million (OCS or CIP)
- Essentially breakeven; total fund balance projected to remain at \$34.4 million
- Two budget amendments to be presented to the Board:
 - i. Transfer fuel costs \$15,000 from Grounds to Facilities; no change just moving from one department to another.
 - ii. Increase County Administrator’s budget by \$25,000 from reserve for contingencies, due to review being off budget cycle.

Mr. Peterson made a motion to recommend approval the Board, Mr. Alvarez seconded the motion, and the motion passed on unanimous vote.

V. New Financial System Contract, Mrs. Horlacher.

- Contract is \$692,019 with \$60,000 contingency for a total of \$752,019.
- Planning and implementation is 27 months.
- The price and contingency are included in the current funding set aside for the project.
- Once the contract is signed the Treasurer is free to research an updated Treasury system.

Mr. Alvarez made a motion to recommend approval to the Board, Mr. Peterson seconded the motion, and the motion passed on unanimous vote.

VI. Other business:

- Mrs. Horlacher noted two letters included in the package are the standard communications from the Auditors.
 - i. Auditors will be at the next meeting and are scheduled to start preliminary audit work next week.
- Mrs. Horlacher noted the FAAC will be electing a new Chair at the next meeting in the fall and add to the charter when the Chair is elected.
- Sandie Warwick thanked the County for creating the revenue stabilization and maintaining the fund balance.

VII. The next meeting will be in September. Mr. Budesky noted the FAAC may need to meet in August as well, notice will be sent.

VIII. 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
- Annually in the fall, elect a new Chair and Vice Chair

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County of Goochland, Virginia
General Fund
FY18 Fourth Quarter Projections

DRAFT

Year Ended June 30, 2018

	Adopted Budget	Final Budget	Year-End Projected	Variance with Final Budget - Positive (Negative)
REVENUES				
Total revenues	\$ 50,133,957	\$ 50,514,974	\$ 55,351,000	\$ 4,836,026
EXPENDITURES				
Current:				
General government administration	5,179,344	4,874,844	4,685,070	189,774
Judicial administration	1,642,525	1,716,124	1,664,707	51,417
Public safety	10,115,703	10,280,806	9,501,303	779,503
General services	2,343,317	2,339,564	2,355,915	(16,351)
Health and welfare	3,725,194	3,732,694	3,664,893	67,801
Education	21,830,000	22,209,066	22,111,909	97,157
Parks and recreation	882,287	936,787	935,973	814
Community development	1,558,739	2,107,934	1,896,244	211,690
Debt service:				
Principal retirement	3,078,550	3,116,894	2,912,707	204,187
Interest and other fiscal charges	432,298	433,242	573,010	(139,768)
Total expenditures	50,787,957	51,747,955	50,301,731	1,446,224
Excess (deficiency) of revenues over (under) expenditures	(654,000)	(1,232,981)	5,049,269	6,282,250
OTHER FINANCING SOURCES (USES)				
Total transfers net	(2,551,000)	(3,818,100)	(3,518,420)	(299,680)
Net change in fund balance	(3,205,000)	(5,051,081)	1,530,849	5,982,570
Fund balance - beginning	-	34,458,838	34,458,838	-
Fund balance - ending	\$ (3,205,000)	\$ 29,407,757	\$ 35,989,687	\$ 5,982,570
Nonspendable			1,890,238	
Restricted			22,560	
Revenue Stabilization			1,815,700	
Assigned			13,933,500	
Unassigned			18,327,689	
Projected Fund balance - ending			<u>\$ 35,989,687</u>	
Debt service expenditures to total GF expenditures			6.93%	
Policy			10%	
Unassigned fund balance			30%	
Target unassigned fund balance			25%	
Revenue stabilization			3%	
Policy revenue stabilization			3%	

Estimated FY2018 General Fund Year End Balances

Total Fund Balance 6/30/17, per CAFR: \$ 34,458,838
 Unassigned FB plus revenue stab. as of 6/30/17, per CAFR: \$ 20,030,499

Description	Estimated Amount	Fund Balance Classification
Prepaid items	155,000	Nonspendable
Due From TCSD in future years (Three Chopt Loan)	1,617,634	Nonspendable
Reservation for Fire-Rescue Notes Receivable	112,850	Nonspendable
Inventories	4,754	Nonspendable
Conservation Easement Stewardship	15,360	Restricted
Courthouse Maintenance funds In GF Balance (Fund 42)	7,200	Restricted
Revenue Stabilization Reserve - at least 3% of Annual Budget	1,815,700	Committed
Reserve for future school debt	245,000	Assigned
Reserve for Louisa Border Engineering & Surveying Costs	140,000	Assigned
Broadband Plan (unspent from FY2016)	50,000	Assigned
For FY2019 General Fund budget	1,500,000	Assigned
TCSD Debt - reserve to help address future debt costs	1,000,000	Assigned
Reservation for Economic Development and Planning Initiatives	400,000	Assigned
Reservation for Parks Development and Land Acquisition	43,000	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
Courthouse Security funds In GF Balance	157,000	Assigned
Social Services unspent funds in GF Balance (Fund 40)	175,000	Assigned
Reservation for Encumbrances rolled forward	78,500	Assigned
FY19 CIP	5,110,000	Assigned
FY20 CIP	2,505,000	Assigned
Tucker pedestrian bridge*	100,000	Assigned
Sidewalk on Route 6*	40,000	Assigned
Courthouse security building*	450,000	Assigned
Oilville park and ride*	20,000	Assigned
Additional space study renovations*	200,000	Assigned
EMD software*	100,000	Assigned
FY21 CIP	1,150,000	Assigned
IT reservations	20,000	Assigned
Schools - reserve unspent FY18 budget	85,000	Assigned

Total Estimated General Fund Balance 6/30/18	\$ 35,989,687
Nonspendable	1,890,238
Restricted	22,560
Committed	1,815,700
Assigned	13,933,500
Unassigned	<u>\$ 18,327,689</u>

Unassigned FB plus revenue stab. as of 6/30/18 \$ 20,143,389

Increase in unassigned FB plus revenue stab. \$ 112,890