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 that 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, Mr. 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