

**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 30<sup>th</sup>
  - 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 30<sup>th</sup>
      2. APA Financial Statements November 30<sup>th</sup>
      3. Notarized Statement by November 30<sup>th</sup>
      4. Code of Virginia Financial Statements December 31<sup>st</sup> 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 6<sup>th</sup> 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