



COUNTY OF HANOVER
FINANCE COMMITTEE

To: File

From: Jacob Sumner, Director of Finance and Management Services

Re: BOS Finance Committee Meeting Summary – 11/5/2020

Meeting date: 11/5/2020

Attendees:

Committee Members:

Canova Peterson, Finance Committee Chairman, Board of Supervisors
Sue Dibble, Board of Supervisors

<p>Staff:</p> <p>John Budesky, County Administrator Kathy Seay, Deputy County Administrator Jacob Sumner, Director of Finance and Management Services</p>	<p>Presenters:</p> <ul style="list-style-type: none">• Lauren Null, Finance Division Director• Rob Churchman, Cherry Bekaert partner• Mike Rinehart, Cherry Bekaert audit manager
<p>Additional Attendees:</p> <p>Michael Herzberg, Board of Supervisors Angela Baxter, Director of Internal Audit</p>	

Agenda:

- Debt Update
- Audited Financial Statements
- External Auditor's Opinions and Reports
- Closed Session - Section 2.2-3711(A)(1) of the Code of Virginia for discussion of personnel matters related to the Hanover County Finance and Management Services Department and the County Administrator's Office.

Discussion: Call to Order at 1:19 p.m.; Adjourned at 2:18 p.m.

- 1. Debt Update:** Jacob Sumner provided the Committee with an update on several recently closed debt transactions. The County entered into an interest rate reset agreement with the Virginia Resources Authority regarding the 2007 airport loan. With an interest rate reduction, the County will recognize approximately \$119,000 in savings over the remaining seven years of the loan. Further, the County received a certificate of refunding from the Virginia Public School Authority whereas VPSA refunded the County's 2005 VPSA bonds for an estimated savings of \$237,000 over the remaining five years of the bonds. The County, also, issued \$10M in bonds to VPSA as

part of their fall bond pool to fund School capital improvement projects. The twenty year bonds were issued in November with a true interest cost of 1.78%.

- 2. Audited Financial Statements:** Lauren Null reviewed the FY20 Comprehensive Annual Financial Report (CAFR) highlights and financial statements with the Finance Committee. Ms. Null presented the Summary of Audited FY20 Financial Statement Results and Trends which included information on key financial data comparisons to FY19 and preliminary FY20 results presented to the Finance Committee and the Board at the September meetings. Highlights included a review of the General Fund unassigned fund balance at 13.5% of revenues which was consistent with the preliminary FY20 results presented in September and 0.2% higher than FY19 results. Board members requested clarification on triple AAA peer comparisons for unassigned fund balance targets. Also reviewed were General Fund fund balance assignments anticipated at 6/30/2020 of \$27.6 million of primarily planned for use in the FY21 County and School budgets. The FY20 year-end financial results demonstrated compliance with Fund Balance and Debt Policies. The CAFR will be presented to the full Board at the November 18th meeting.
- 3. External Audit Opinions and Reports –** Rob Churchman of Cherry Bekaert presented the Summary of Audit Results for the Year Ended June 30, 2020. Mr. Churchman discussed the scope of Cherry Bekaert’s audit engagement services and deliverables including three audit reports included in the CAFR which are the independent auditors’ report on the financial statements, the independent auditors’ report on internal control and compliance in accordance with Government Auditing Standards, and the independent auditors’ report on compliance in accordance with OMB *Uniform Guidance*. Cherry Bekaert issued unmodified opinions in all three reports. Cherry Bekaert’s audit resulted in no internal control deficiencies. Mr. Churchman discussed two Commonwealth of Virginia Auditor of Public Accounts compliance items. The first involved one VIEW program participant eligibility. The second involved Statement of Economic Interest filings. All items are immaterial in nature. Mr. Churchman also relayed the partnership with Angela Baxter and the County’s Internal Audit Department. Internal Audit assisted Cherry Bekaert with APA compliance items, Uniform Grant Guidance and CAFR audit items related to capital assets and search for unrecorded liabilities.
- 4. Closed Session – Section 2.2-3711 (A)(1) of the Code of Virginia – Personnel Matters – Discussion of performance of Hanover County Finance and Management Services Department and the County Administrator’s Office.**