

Board of Supervisors
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Thomas C. Foley
County Administrator

Finance, Audit & Budget Committee Meeting Agenda

December 19, 2017 - 1:30 PM
Conference Room A/B/C - Second Floor

Committee Members: Chairman Wendy Maurer, Jack Cavalier, and Bob Thomas

	Agenda Item	
1.	Finance & Budget Monthly Report <ul style="list-style-type: none">▪ The auditor's CAFR presentation▪ R-Board Year-end Financial Report▪ Review of debt capacity indices	Keith Dayton Maria Perrotte
2.	Human Resources Monthly Report	Shannon Wagner

FAB12192017



To: Finance, Audit and Budget Committee

From: Maria Perrotte, Chief Financial Officer

Subject: Monthly Update

Date: December 14, 2017

CC: Thomas C. Foley, County Administrator

The external audit of FY 17 has been completed and will be presented to the FAB and the Board of Supervisors by Lou Cannon and Robbie Bittner III from the audit firm RSM US LLP.

At a previous committee meeting, staff was asked to provide information regarding financial policies and debt ratios. The chart below summarizes key debt management measures from peer localities. Staff intends to bring recommendations for policy changes to the Board during the budget process.

<u>Locality</u>	<u>Debt service/Budget</u>	<u>Net Debt/AV</u>	<u>Other Measures</u>	<u>Ratings</u>
Stafford*	10%	3%	5 year rolling average	AA/AAA
Albemarle	10%	2%	payoff - Rapidity @ 60%	AAA
Fauquier	10%	N/A	payoff - debt structure (level principal)	AAA
Hanover	10%	3%	Debt/Capita	AAA
Prince William	10%	3%	Payoff – Avg. maturity @ 10.5 years	AAA
Spotsylvania*	12%/10%	3%	payoff - Rapidity @ 65%	AA/AAA

* In Stafford and Spotsylvania, debt service paid by service districts is excluded from the calculations.

DEPARTMENT OF PUBLIC WORKS MEMORANDUM

To: Finance, Audit and Budget Committee

From: Keith C. Dayton
Regional Landfill Director

Subject: **R-Board FY2017 Audit**

Date: December 14, 2017

This memorandum is provided to be responsive to the Board's request for continuing information related to the Rappahannock Regional Landfill, and offers a summary of the results of the recently completed FY2016 audit.

The Rappahannock Regional Landfill (Landfill) is operated by joint agreement between Stafford County (County) and the City of Fredericksburg (City). General management oversight is provided by the Rappahannock Regional Solid Waste Management Board (R-Board), with support for financial, personnel, and other matters provided by Stafford County. One of the functions supported by the County is the annual audit, completed concurrently with the County's audit. The FY2017 R-Board audit is now complete, and was prepared by RSM, LLP concurrently with the County audit. Key findings are summarized below.

Financial Highlights

- Current assets increased approximately \$1.4 million
- Total liabilities decreased approximately \$1.2 million mainly as a result of decreases to the landfill closure/post closure liability work to finish cells B, C and D
- Unrestricted net position increased approximately \$2.8 million resulting in an unrestricted deficit balance of \$0.5 million
- Operating revenues increased approximately \$1.4 million and operating expenses increased approximately \$600,000 thousand. The expenditure increase was due to completion of long overdue closure activities and our renewed emphasis on replacing equipment in use long past the useful service life
- The R-Board has \$7,073,666 in the investment fund, and another \$1,586,169 in the cash account



The R-Board budgeted \$930,139 from the reserve fund for previously deferred closure activities. With the increase in commercial revenues, no withdrawal from reserve fund was required in FY2017.

Reserve Fund

The R-Board has nearly \$8.66 million in deposits and investments, up from nearly \$7.4 million reported in FY2016.

Summary of Net Position

The audit noted an increase in Total Net Position of \$2,408,312 to \$10,475,427. The Unrestricted Net Position improved for the first time in several years by nearly \$2.8 million, to (\$544,443). While this value still reflects an overall negative financial picture when all factors (closure/post closure, depreciation, OPEB, etc.) are accounted for, we are poised to return to an overall positive financial status in FY2018.

The FY2017 audit accurately reflects the current financial status of the R-Board. The actions taken by the R-Board, Board of Supervisors, and City Council should result in a continuation of the improved financial outlook in FY2018.

KCD:kd



Memorandum Human Resources

To: Finance, Audit and Budget Committee

From: Shannon Wagner
Director of Human Resources

Subject: Human Resources Update

Date: December 19, 2017

CC: Thomas Foley

HR Software for Talent Management

Staff have been researching Human Capital Management (HCM) systems to support and enhance current practices that are critical components for developing our workforce. In particular, we are considering systems that would provide solutions in the following areas:

Learning Management System – a learning management system would provide enhanced opportunities to streamline training opportunities and reporting with the workforce, to include HR compliance related training such as harassment prevention, workplace safety, and diversity. The system would enable HR, managers, and employees to review and assign available training as needed and would enable robust reporting capabilities that we do not have currently. Some of these systems come with training videos, but most allow the user to select the training that is of most interest to them through outside partners.

Performance Management – presently there is a team comprised of Leadership Team members and Employee Advisory Committee members that is evaluating our current performance evaluation process and making changes to that system for the 2018 calendar year. This provides an opportunity to also implement a system that would streamline our process and move to electronic delivery and tracking. The HCM systems that we are considering would adapt to our specifications and provide opportunities for updates on projects and goals throughout the year between the manager and employee.

Succession Planning – given the organization's turnover, and anticipating future turnover as more employees become eligible for retirement, it is staff's desire to be more strategic about planning for these vacancies in key areas as well as preparing our current workforce to be competitive for these opportunities. The HCM system would allow HR and managers to easily view the desired skills needed for a position and the gaps that may exist with individual employees. Managers could then use this information to help create development plans for high potential employees. The system would also be able to tie in performance evaluations and training/skills development into the succession planning process.

In summary, it is staff's desire to implement a system that connects all of the above features to be able to fully leverage

talent management within our organization. As more data is connected across functions, departments and managers will be able to make better business decisions and employees will have easier access and input into those processes. To date, staff have been in conversation with multiple potential providers and have participated in a couple web demos of the system functionality. We are obtaining price quotes for those vendors and have a few more systems that we are researching for additional information.

Training Opportunities for Harassment Prevention

Given the national climate, harassment prevention training is one area of significant attention and staff have been discussing several options for implementing a training program in 2018. Stafford last implemented a “Proper Workplace Conduct” training class in October 2013 which included harassment and also a broader message about appropriate behavior in the workplace.

As stated above, staff have been evaluating certain software systems that would incorporate a streamlined learning management function. The benefit for this type of product as it specifically relates to HR compliance training would be a systematic approach to assign certain training to all employees on a recurring schedule. This system would enable mobile access to these trainings which would help us to reach employees who work primarily in the field much easier, and in some cases eliminate the need to pay overtime to cover a shift while employees attended the class. HR and managers would have the ability to track who in the organization/department/division (as appropriate by manager responsibility) has completed the designated training.

If a HCM system is approved and implemented, there would be a period of transition before that system goes live. The County has a variety of options if we would like to implement training sooner than that process might allow, including:

- Our current e-learning vendor, Skillsoft, has an HR Compliance catalog that we could purchase effective January 1 (or some other date). This would allow all employees the ability to go online and complete the training that is available through that catalog. The FY2018 cost for this option is \$8,400 and the cost for FY2019 (a full year) would be \$14,000. The current contract, and the partial year implementation, would run through August 2018.
- As part of new hire orientation, we play a video on harassment prevention. This video could be made available to all employees through iStafford as well as scheduling meetings to play the video. From a tracking perspective, we would need to create an acknowledgement form or a post-training quiz and manually track who has completed the class. It is also recommended that an additional video be purchased that is specific to training managers.
- We could hire a consultant to do in-person training for employees. This would be the most engaging option, but tracking would remain a manual process and scheduling/budget can vary significantly.

Staff intends to establish a more formal training program of some variety in the spring of 2018. On a long-term basis, we will be creating a process/schedule for regular and recurring training on a variety of HR topics. This will be best accomplished through a system that can seamlessly schedule training, track compliance, and tie all training initiatives to other HR processes.

