

Northern Virginia Regional Commission

MEETING OF THE EXECUTIVE COMMITTEE

Thursday, January 27, 2022

6:30 p.m.

AGENDA

- 1. CALL TO ORDER – Cydney A. Neville, Chairwoman**
- 2. FINANCIAL REPORT**
- 3. DRAFT RESERVE POLICY**
- 4. EXECUTIVE SESSION**
- 5. ADOPTION OF MINUTES FROM THE OCTOBER 2021 MEETING**
- 6. ADJOURNMENT**

SUMMARY OF REVENUE AND EXPENSES
December 31, 2021

	CURRENT MONTH	FISCAL YEAR 2022 Cumulative Total 6 months	Adopted FISCAL YEAR 2022 FINANCIAL PLAN	Actual is:
REVENUE EARNED				lower/(higher) than plan
Local (50¢) and State Contributions	\$ 118,850	\$ 713,100	\$ 1,426,215	\$ 713,115
Local (10¢) Designated Contribution	11,576	94,923	252,054	157,131
Local Agreements	42,163	250,624	634,469	383,845
State Grants and Contracts	20,999	84,644	249,994	165,350
Direct Federal Grants and Contracts	221,483	422,246	63,720	(358,526)
Indirect Federal Grants and Contrac	216,619	1,825,305	4,624,692	2,799,387
Shared Facilities Revenue	16,198	95,452	193,176	97,724
Other	31,414	128,873	495,370	366,497
Interest	144	697	3,000	2,303
Miscellaneous	-	-	-	-
Total Revenue	\$ 679,445	\$ 3,615,864	\$ 7,942,690	\$ 4,326,826
EXPENSES				lower/(higher) than plan
Personnel	\$ 187,860	\$ 1,106,288	\$ 2,500,217	\$ 1,393,929
Consultants / Contracts	393,306	2,012,441	4,489,918	2,477,477
Housekeeping Expenses	53,071	293,278	627,183	333,905
Operating Expenses	3,727	50,660	99,119	48,459
Duplicating Expenses	940	16,210	41,100	24,890
Travel and Conference Expenses	2,236	7,365	37,041	29,676
Recruit and Development Expenses	-	150	7,000	6,850
Other	307	2,114	5,000	2,886
Total Expenses	\$ 641,445	\$ 3,488,505	\$ 7,806,578	\$ 4,318,073
INCOME OVER (UNDER) EXPENSES	\$ 38,000	\$ 127,359	\$ 136,112	\$ 8,753

NVRC Reserve Policy

PURPOSE OF RESERVE POLICY

The purpose of the Reserve Policy for the Northern Virginia Regional Commission is to ensure the stability of the mission, programs, staff talent, and ongoing operations of the organization. The Commission's intent is to have a sustainable, internal source of funds for situations such as one-time unbudgeted expenses, a sudden increase in expenses, an unanticipated loss in funding, a temporary interruption in revenue receipts or uninsured losses. To achieve this end, the Commission establishes two restricted reserves with specific goals that also permit maintaining an appropriate level of undesignated cash assets in its fund balance.

This Reserve Policy will be implemented in concert with the other governance and financial policies of the Northern Virginia Regional Commission and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

1. Creation and Funding of Capital Reserve

A Capital Reserve is established to provide funding for unbudgeted capital expenditures including such items as technology advances, equipment, etc.

The Capital Reserve may be funded with surplus unrestricted funds and/or budget appropriations. The Board of Commissioners may from time to time direct specific allocations to the Capital Reserve.

The Commission shall keep a minimum of \$100,000 in said reserve, unless otherwise determined and authorized by action of the Board of Commissioners.

It is the intention of the Northern Virginia Regional Commission that the Capital Reserve be replenished, when used, within a reasonably short period of time.

2. Creation and Funding of Operating Reserve

An Operating Reserve is established to mitigate a sudden increase in expenses, an unanticipated loss in funding, a temporary interruption in revenue receipts or uninsured losses. The Operating Reserve is not intended to replace a permanent loss of funds or to eliminate an ongoing budget gap.

The Operating Reserve may be funded with surplus unrestricted funds and/or budget appropriations. The Board of Commissioners may from time to time direct specific allocations to the Capital Reserve.

The amount of the Operating Reserve shall be established each year at the time the Commission adopts its annual budget for the upcoming fiscal year. The Commission's goal is to keep in the Operating Reserve an amount sufficient to maintain ongoing operations and programs for four to six months of average operating costs, unless

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otherwise determined and authorized by action of the Board of Commissioners.

The calculation of average monthly operating costs includes all budgeted, recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program and ongoing contract services. It excludes pass-through programs funding, depreciation, in-kind and other non-cash expenses.

3. Accounting for Reserves

The Capital and Operating Reserves shall be recorded in the financial records as board-designated reserves. The funds shall be available in cash or cash equivalents. These reserve funds shall be maintained in segregated general ledger accounts and shall be invested in accordance with the Commission's usual investment practices.

4. Use of Reserves

Using designated reserve funds requires the following steps:

a. Identification of appropriate use of reserve funds.

The Executive Director will identify each proposed use of reserve funds and will confirm that the use is consistent with the purpose of the reserve as described in this Policy. This step requires justification for use of the funds, and assessment of the availability of any other sources of funds before using reserve funds.

b. Authority to use reserves

The Executive Director will submit a request to use reserve funds to the Executive Committee of the Board of Commissioners. The request will include the purpose of using the funds and the plan for replenishment, recognizing that it is the Commission's goal to replenish reserve funds to the target amounts within twelve months. The Executive Committee will approve, disapprove, or modify the request and will forward its recommendation the Board of Commissioners, which will be responsible for authorizing use of funds from either reserve.

5. Reporting and monitoring

The Executive Director is responsible for ensuring that reserve funds are maintained and used only as described in this Policy. Upon approval for the use of reserve funds, the Executive Director will maintain records of the use of funds and report regularly to the Executive Committee/Board of Commissioners progress in restoring the Fund to the target minimum amount.

The Executive Director shall provide to the Commission a regular financial report on the cash and non-cash net assets in the fund balance, including the undepreciated value of furniture and equipment, the balance of the restricted reserves, and the amount of undesignated cash assets.

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6. Review of Reserve Policy

This Policy will be reviewed every other year, at minimum, by the Executive Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Executive Committee to the Board of Commissioners.

7. Undesignated Cash Assets in Fund Balance

The Commission expects to maintain a fund balance with an amount of undesignated surplus funds that will have, on an ongoing basis, a dynamic role in relation to the Commission's month-to-month operating costs, and that may increase or decrease accordingly, should there be, for example, unexpected income or a need to expend funds before they are reimbursed from a grant source. The target minimum amount will be reviewed and adjusted no less than annually in response to internal and external changes.

Northern Virginia Regional Commission

**Minutes of the Executive Committee of the Northern Virginia Regional Commission
October 28, 2021**

Committee Members

(Those members present have their names highlighted)

Honorable Cydney A. Neville, Chairwoman – Town of Dumfries
Honorable David L. Meyer, Vice Chairman – City of Fairfax
Honorable Kathy Smith, Treasurer – County of Fairfax
Honorable David Tarter – City of Falls Church
Honorable Matt De Ferranti – County of Arlington
Honorable Penelope A. Gross – County of Fairfax
Honorable Jeanette Rishell – City of Manassas Park

Staff Present

Robert W. Lazaro, Jr., Executive Director
Linda Tenney, Deputy Executive Director
Gina Kesselmann-Smith, Management Analyst – via Zoom

CALL TO ORDER

Chairwoman Neville opened the meeting at 6:34 PM.

AUDIT REPORT

The Executive Committee received a presentation from NVRC’s auditors (Robinson, Farmer, Cox Associates) on the findings of their audit for Fiscal Year 2021 (clean opinion).

FY23 PRELIMINARY BUDGET HIGHLIGHTS

Mr. Lazaro presented the FY23 preliminary budget and its highlights to the Executive Committee.

APPROVAL OF THE APRIL 22, 2021 MINUTES

Commissioner Gross moved approval of the April 22, 2021 committee meeting minutes. The motion was seconded and carried unanimously.

The meeting adjourned at 7:11 PM.

Respectfully submitted:

Robert W. Lazaro, Jr.
Executive Director

Approved by:

Cydney A. Neville
Chairwoman