

Blue Ridge Juvenile Detention Commission Meeting
Thursday, May 11, 2023 @ 10:30 AM
Blue Ridge Juvenile Detention Conference Room
195 Peregory Lane, Charlottesville VA 22902

- I. Call to Order
- II. Matters from the Public
- III. Meeting Minutes – January 20, 2023
- IV. Old Business
 - Financial Policies
- V. New Business
 - March FY23 YTD Unaudited Financial Report
- VI. Matters from Director
- VII. Matters from Commission Members
- VIII. Matters from Commission Attorney
- IX. Adjournment

**Blue Ridge Juvenile Detention Commission Meeting
January 20, 2023**

A scheduled meeting of the Blue Ridge Juvenile Detention Commission was held on January 20, 2023 @ 10:00 AM in the conference room of Blue Ridge Juvenile Detention, 195 Peregory Lane, Charlottesville VA.

Members Attending: Ashley Reynolds Marshall, City of Charlottesville; Eric Dahl, County of Fluvanna; John Egertson, County of Culpeper

Others Attending: Jay Boland, Jodi Dillow, Danielle Powell, Ann Shawver, Shari Constantino, Gallagher (virtual), Dee Smith, Gallagher (virtual)

I. Call to Order

The meeting was called to order by Mr. Dahl at 10:01 AM.

II. Policy Adoption

Mr. Egertson offered a motion to adopt the Policy Governing Remote (Electronic) Meeting Participation and Meetings Held Solely through Electronic Means. The motion was seconded by Ms. Marshall. The motion was approved by 3-0 voice call vote.

III. Chairperson Rotation

Doug Walker (Albemarle) will be the new Chairperson.

IV. Matters from the Public

None

V. Meeting Minutes

A motion was offered by Ms. Marshall and seconded by Mr. Egertson to approve the December 15, 2022 meeting minutes. The motion was approved by a 3-0 voice call vote.

VI. Old Business

Gallagher Compensation Study – recommendations were presented by Gallagher and Mr. Boland. Mr. Egertson offered a motion to adopt the recommendations presented. Ms. Marshall seconded the motion. The motion was approved by a 3-0 voice call vote.

VII. New Business

- November FY23 YTD Unaudited Financial Report – Ms. Shawver presented the financials and discussion followed.
- FY24 Budget – Ms. Shawver presented and discussion followed. A motion was offered by Mr. Egertson and seconded by Ms. Marshall to adopt the FY24 budget as presented. The motion was approved by a 3-0 voice call vote.
- Financial Policies – Ms. Shawver presented recommendations on financial policies and discussion followed. This item will be tabled until the next meeting.

VIII. Matters from Director

Mr. Boland gave an update to the Commission on the following items:

- The drainage issue on the hill has been fixed
- DJJ – leasing space in local detention facilities
- Staff Vacancies – 9

IX. Matters from Commission Members

None

X. Matters from Commission Attorney

None

XI. Adjournment

The meeting adjourned @ 11:05 AM.

Respectfully submitted,
Jodi L. Dillow, Recording Secretary

BLUE RIDGE JUVENILE DETENTION COMMISSION

EXECUTIVE SUMMARY

<u>AGENDA TITLE:</u> Financial Policies Review	<u>AGENDA DATE:</u> May 11, 2023
<u>SUBJECT/PROPOSAL/REQUEST:</u>	<u>FORMAL AGENDA:</u> <u>INFORMATION:</u> Yes <u>ACTION:</u> No
<u>STAFF CONTACTS:</u> Ann Harrity Shawver, CPA, PLLC	<u>ATTACHMENTS:</u> No
	<u>REVIEWED BY:</u>

At its meeting on July 14, 2022, Commission member Walker asked about a review of the financial policies as part of my work with the Commission.

Financial policies are a cornerstone of a system of strong financial management. For government organizations, some of the most important financial policies address the topics of investing, debt management, establishment and maintenance of reserves and budgeting. Typically, financial policies are adopted by the governing body of the organization and are infrequently altered.

A review of BRJD financial policies determined that there is one financial policy entitled Operating Reserve Fund that is included as section 4.3 of the 2007 Service Agreement. That section is as follows:

Section 4.3 Operating Reserve Fund. The Commission agrees to provide for an Operating Reserve Fund in each of its Annual Budgets in an amount equal to not less than 90 days of its projected Annual Budget for each year less debt service. The Operating Reserve Fund shall be established as a separate account and shall be used to cover periods of revenue shortfall when the Commission's revenues are not sufficient to cover its Net Expenses associated with the operating of the Detention Center (non-debt charges). The initial Operating Reserve may be funded with the proceeds of Obligations; however, annual additions to the Operating Reserve shall be treated as an Operating Expense.

My observations regarding this reserve are as follows:

- A 90-day reserve equates to 25% of the budget and this is a fairly conservative level of operating reserve for an entity of the nature of BRJD. (The Government Finance Officers Association of the US and Canada cites as a best practice the maintenance of a reserve of two months of budget or approximately 17%.¹) However, BRJDC does not have a policy in place addressing the potential need for a capital reserve nor any other reserves.
- The current language addresses periods of revenue shortfall as a condition that might trigger allowable use of the reserve but does not cite excess expenditure as a triggering condition. For BRJD, there is more risk that expenditures will exceed budget than there is of revenue shortfall.
- The current language does not touch upon eligible uses of the reserve (it is presumed that any operating need is acceptable.)
- The current language does not identify required approval for use of the reserve.
- The current language does not include the framework for replenishment of the reserve should it fall below the required level.
- The current language does not cite a ceiling for the reserve.
- The wording could be improved for greater accuracy in a financial context. For example, it is not accurate to state that “annual additions to the Operating Reserve shall be treated as an Operating Expense.”

As of June 30, 2022, the unaudited balances held by the Commission in reserve were as follows:

Accounting Fund	Amount	% of Budget
Operating Fund	\$ 473,587	12%
Construction Fund	400,300	10%
FY23 Operating budget is \$4,032,971		

Therefore, the current reserves fall below the required 90-day amount, even if combined. If the Operating Fund reserve is examined separately, it holds less than half of the required amount. Another fund, the Debt Service Fund, holds a fund deficit of \$34,192 as of June 30, 2022. The deficit is the result of pension and retiree medical long-term obligations which exceed assets devoted to fund them.

¹ Government Finance Officers Association Best Practice “Fund Balance Guidelines for the General Fund” (<https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>)

Recommendations:

- 1) Revise the language regarding the Operating Reserve Fund as follows:

Section 4.3 Operating Reserve Fund. The Commission agrees to provide for an Operating Reserve Fund ~~in each of its Annual Budgets~~ in an amount equal ~~to not less than 90 days~~ twenty percent of its projected ~~Annual annual Budget budget, for each year~~ less debt service. The purpose of the reserve is to serve as a source of funds in the event of an unforeseen decline in revenues or unexpected increase in expenditures that cannot be managed within the existing operating budget. The reserve may only be used upon authorization and appropriation of funds by the Commission. Should the reserve fall below the 20% level, the Director shall develop and submit to the Commission a plan for replenishment within three (3) years. The operating reserve shall not exceed 30% of the annual adopted budget. The Operating Reserve Fund shall be established as a separate account and shall be used to cover periods of revenue shortfall when the Commission's revenues are not sufficient to cover its Net Expenses associates with the operating of the Detention Center (non-debt charges). The initial Operating Reserve may be funded with the proceeds of Obligations; however, annual additions to the Operating Reserve shall be treated as an Operating Expense.

- 2) Develop a plan to achieve the required minimum level within three years. Adding the FY22 (unaudited) surplus of \$417,180 to the reserve would bring the level to 22% of budget.
- 3) Other matters to consider:
 - A) The Commission may wish to consider establishment of a separate Capital Reserve for the purpose of addressing unforeseen capital needs that cannot be managed within the annual operating budget. Alternatively, the Commission could expand its existing reserve to address both operating and capital needs. If this is done, the Commission may wish to leave the 90-day reserve requirement in place by setting the required level at 25%.
 - B) The Commission may wish to consider the need for additional financial policies covering topics such as investing, debt management and the budget.
 - C) Currently, the Operating Reserve Fund policy is part of the Service Agreement which means it requires approval by the governing bodies of each of the participating entities. The Commission may wish to adopt a separate Financial Policies document that is approval only by the Commission. Note that Section 3.8 of the 2007 Service Agreement states, in part, "The Commission shall also establish and maintain adequate financial policies and procedures to ensure the safeguarding of Commission assets."
 - D) The Service Agreement is currently in two parts. There is a sixteen-page document effective July 1, 2007 that is comprehensive, other than the fact that certain sections have been amended. There is also a four-page document effective July 1, 2014 that modified certain sections of the aforementioned document. The next time the Commission alters the Service Agreement, it may wish to develop one comprehensive document that incorporates all provisions.

Commission member feedback regarding these observations and recommendations will influence the next steps in this project.

BLUE RIDGE JUVENILE DETENTION COMMISSION

EXECUTIVE SUMMARY

<u>AGENDA TITLE:</u> March FY23 YTD Unaudited Financial Report	<u>AGENDA DATE:</u> May 11, 2023
<u>SUBJECT/PROPOSAL/REQUEST:</u>	<u>FORMAL AGENDA:</u> <u>INFORMATION:</u> XXX <u>ACTION:</u> No
<u>STAFF CONTACTS:</u> Ann Harrity Shawver, CPA, PLLC	<u>ATTACHMENTS:</u> Yes
	<u>REVIEWED BY:</u>

Revenues are performing as expected:

- Total revenues through March are slightly ahead of target at 77% of the estimate
- The projection for FY23 is that revenues will exceed estimate by 2% or approximately \$81,000
- The main drivers for this are interest earnings which have increased substantially as a result of recent increases in rates and the DJJ Block Grant which was revised upward by \$42,000

Expenditures are performing as expected:

- Total expenditures are 69% of the budget, well within the 75% level expected as of March
- The projection for FY23 is that expenditures will finalize below budget by 7% or approximately \$279,000
- In the compensation category, expenditures are projected to end the year 9% below budget, reflective of savings generated by vacancies
 - Salaries and associated benefits are below budget
 - A contra budget of \$124,000 was included in the FY23 budget in anticipation of these savings
 - Overtime/holiday pay has exceeded budget and is driven by vacancies
 - Workers' compensation premiums increased significantly following a payroll audit
- Operating expenses are at expectation through March at 75% of the budget
- For the year as a whole, they are projected to end 5% or approximately \$45,000 over budget
 - The professional services account includes the compensation study which was not budgeted
 - Food costs have risen this year and will exceed the budget by approximately \$34,000 or 26%
 - A number of other accounts have smaller fluctuations, both positive and negative, when the projection is compared to budget
- No capital expenditures have been made through March with \$25,000 projected for the remainder of the year

Through March, year to date revenues exceed expenditures by approximately \$323,000. For FY23 as a whole, this amount is projected to be \$360,000.

Recommendations: None at this time.

Blue Ridge Juvenile Detention Commission						
March FY23 Year-to-Date Financial Report (Unaudited)						
Account Name	Account	FY23 March YTD	FY23 March YTD as % FY23 Revised Budget	FY23 Revised Budget	FY23 Projected	
Revenues:						
Interest	150101	36,357	1818%	2,000	48,476	
Albemarle County	160503	403,872	75%	538,496	538,496	
Charlottesville	160502	597,532	75%	796,709	796,709	
Culpeper	160539	350,906	75%	467,874	467,874	
Fluvanna County	160507	115,865	75%	154,487	154,487	
Greene County	160505	187,040	75%	249,386	249,386	
Phone System	160527	7,930	132%	6,000	10,573	
Miscellaneous Revenues	189900	4,229	NA	-	4,229	
Region Ten	181315	8,400	105%	8,000	8,400	
Recovered Cost - Compensation	190222	27,500	99%	27,850	27,500	
State Per Diem	231001	4,550	455%	1,000	4,550	
Department Juvenile Justice/Block Grant	240426	707,499	79%	901,169	943,333	
CPP Program/other DJJ programs	240435	618,010	73%	850,000	824,013	
US Dept. of Agriculture	330610	26,967	90%	30,000	35,956	
Total Revenues		3,096,657	77%	4,032,971	4,113,982	
Combined						
Compensation:						
Salaries	110000	1,499,424	63%	2,376,348	1,999,233	
Vacancy savings	119998	-	0%	(124,000)	-	
Overtime wages/Holiday Pay	120000	106,218	106%	100,000	141,624	
Pay exceptions	120400	4,071	NA	-	5,428	
Part-time wages	130000	8,128	90%	9,000	10,837	
FICA (7.65%)	210000	123,898	65%	190,129	165,197	
VRS Retirement	221000	63,339	54%	118,342	84,451	
VLDP (disability)	221500	3,056	61%	5,000	4,075	
VRS Hybrid	222110	7,724	59%	13,000	10,299	
Early retirement VREP	223000	2,340	41%	5,640	3,120	
Health insurance	231000	218,827	61%	357,430	291,769	
Dental insurance	232000	5,810	61%	9,600	7,747	
HSA contribution	233000	4,481	68%	6,624	5,975	
VRS group life	241000	18,811	67%	28,279	25,081	
Unemployment insurance	260000	1,200	24%	5,000	1,600	
Workers' compensation	270000	51,969	217%	24,000	51,969	
Leave payouts	280100	10,398	NA	-	13,864	
Clothing allowance	281000	-	0%	6,000	-	
Total rewards	282040	18,513	185%	10,000	24,684	
Total Compensation		2,148,207	68%	3,140,392	2,846,953	

Blue Ridge Juvenile Detention Commission						
March FY23 Year-to-Date Financial Report (Unaudited)						
Account Name	Account	FY23 March YTD	FY23 March YTD as % FY23 Revised Budget	FY23 Revised Budget	FY23 Projected	
Operating expenses:						
Professional Services	310000	63,084	252%	25,000	73,084	
Health services	311000	9,828	66%	15,000	13,104	
Wellness program	311004	4,914	123%	4,000	5,500	
Prof services - legal	312100	20,000	67%	30,000	30,000	
Prof services - audit	312800	5,159	94%	5,500	5,159	
R&M Buildings	331200	29,752	74%	40,000	39,669	
R&M - vehicles	331500	-	0%	900	-	
Maint contract - equip	332100	83,177	72%	116,000	110,903	
Maintenance contract - IT equipment	332104	-	0%	2,701	-	
Maint contract - buildings & Grounds	332200	6,052	40%	15,000	20,000	
Printing & Binding	350000	-	0%	1,000	-	
Advertising	360000	1,864	186%	1,000	2,485	
Employee physicals	382010	3,324	111%	3,000	4,432	
Contract - refuse	390002	1,877	94%	2,000	2,503	
Contract - fiscal agent	390003	58,712	50%	117,424	117,424	
Data processing	410000	29,566	99%	30,000	35,000	
Electrical service	510121	41,690	69%	60,000	55,587	
Gas service	510200	8,105	58%	14,000	10,807	
Water & sewer	510300	11,460	104%	11,000	15,280	
Postal services	520100	507	51%	1,000	676	
Telecommunications	520300	17,318	64%	27,000	23,091	
Property/Auto Insurance	530200	43,828	115%	38,000	43,828	
Training	550402	316	6%	5,500	421	
Travel - subsistence	550600	1,061	21%	5,000	1,415	
Curry School Grant	563401	-	0%	5,000	-	
Miscellaneous	580000	122	11%	1,154	163	
Dues & memberships	580100	1,274	85%	1,500	1,699	
Employee recognition	580501	668	22%	3,000	891	
Materials & supplies	600000	1,393	40%	3,500	1,857	
Office supplies	600100	5,321	71%	7,500	7,095	
Food supplies	600200	111,310	85%	131,000	165,000	
Expenses ACRJ & BRJD	600210	9,000	50%	18,000	18,000	
Meals for Meetings	600260	944	47%	2,000	1,259	
Agricultural supplies	600300	-	0%	2,500	-	
Medical & Pharmaceutical	600400	9,244	84%	11,000	12,325	
Laundry & janitorial supplies	600500	9,015	60%	15,000	12,020	
Linen supplies	600600	177	9%	2,000	236	
Resident clothing	600650	1,789	30%	6,000	2,385	
R&M supplies	600700	9,749	81%	12,000	12,999	
Vehicle & equip fuel	600800	2,167	108%	2,000	2,889	
Vehicle & equip supplies	600900	1,413	28%	5,000	1,884	
Security supplies	601000	2,390	80%	3,000	3,187	
Uniforms & apparel - employees	601100	7,482	125%	6,000	7,500	
Books & subscriptions	601200	-	0%	2,000	2,000	

Blue Ridge Juvenile Detention Commission						
March FY23 Year-to-Date Financial Report (Unaudited)						
Account Name	Account	FY23 March YTD	FY23 March YTD as % FY23 Revised Budget	FY23 Revised Budget	FY23 Projected	
Resident Education	601300	1,655	11%	15,000	7,500	
Recreation Supplies & Equipment	601320	2,925	59%	5,000	3,900	
Other operating supplies	601400	690	86%	800	920	
Copy supplies	601700	-	0%	600	-	
Lease/Rent Equipment	800805	4,773	68%	7,000	6,364	
Total Operating Expenses		625,095	75%	837,579	882,441	
Operating Capital:						
Machinery & equipment	800101	-	0%	15,000	15,000	
Furniture & fixtures	800201	-	0%	10,000	10,000	
Building Alterations	800660	-	0%	30,000	-	
Total Operating Capital		-	0%	55,000	25,000	
Total Expenses		2,773,302	69%	4,032,971	3,754,394	
Excess of Revenues Over Expenses		323,355	NA	-	359,588	