



MID-OHIO REGIONAL
MORPC
PLANNING COMMISSION

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Memorandum

TO: William Murdock, Executive Director
Executive Committee

FROM: Shawn Hufstedler
Chief of Staff & Director of Operations

DATE: November 1, 2019

SUBJECT: Financial Report – September 2019

Summary

At September 30, 2019 our cash position was \$220,142 in the operating account. For the year-to-date ending September 30, 2019 the actual fringe rate variance was unfavorable and the indirect rate variance was favorable. The operating loss grew larger in the third quarter as noted below.

We have been closely monitoring the fluctuations in our operating cash balances all year and evaluating their sustainability. Since the low point on September 30, October daily cash balances have held in a range that has fluctuated between approximately \$350,000 and \$900,000, with an average daily balance of \$648,000. While not delayed, the inconsistent timing of receipts from ODOT (\$400,000 to \$450,000 per month) have been the largest driver of month-end fluctuations. As we continue to evaluate the potential need to access the operating reserve, we will have a clearer picture of where year-end December 31 cash balances are forecast to be after the November 30 month-end.

Operating Income (Change in Net Position)

There has been a decrease in net position (loss from operations) for the year-to-date ending September 30, 2019 of (\$732,376). This is primarily the result of costs that have not been recovered in the weatherization programs (\$590,486), and a year-end 2018 closing adjustment which recorded COTA dollars not yet received in lieu of FTA Section 5307 funds as revenue in 2018, instead of revenue in 2019 (\$157,586).

William Murdock, AICP
Executive Director

Rory McGuinness
Chair

Karen J. Angelou
Vice Chair

Erik J. Janas
Secretary

Member Dues

Member dues revenue was 10.1% of the year-to-date operating revenue. Use of member dues was over budget by (\$69,278) excluding the prior year dues budgeted for building due diligence and leasehold improvements. The additional use of dues relates primarily to the travel costs that are front-loaded during the year and additional staff time spent in programs funded by dues. Use of all current year and prior year member dues, including building due diligence and office improvement activities were as follows:

<u>Use of Member Dues</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance (Over) Under</u>
Services to Members	\$338,987	\$369,130	\$ (30,143)
Local Matching Funds	215,463	238,130	(22,667)
Development Fund	72,305	84,834	(12,529)
Building Lease	111,200	112,737	(1,537)
Member Services Coordination	75,820	88,481	(12,661)
Leasehold Improvements & Building Due Diligence	495,000	12,585	482,415
Other	50,046	39,787	10,259
Total	<u>\$1,358,821</u>	<u>\$ 945,684</u>	<u>\$ 413,137</u>

Fringe Benefit and Indirect (Overhead) Variances

Fringe Benefits

The actual fringe benefit cost rate for the year-to-date is 60.32% which is higher than the budgeted rate of 59.00%, creating an unfavorable variance for the year-to-date of (\$34,622).

Indirect (Overhead)

The actual indirect cost variance for the year-to-date is 53.62% which is lower than the budgeted rate of 57.20%, resulting in a favorable variance for the year-to-date of \$130,501.

Statement of Net Position

- Operating cash on hand is \$220,142 which was equal to 4 days of cash flow. The Hope 3 Trust account holds cash of \$40,055 restricted for NSP usage. The building reserve account is \$1,065,656; operating reserve account is at \$1,385,899; and management reserve is \$107,504. The building improvement/maintenance fund holds \$549,525.
- Accounts Receivable totaled \$1,983,949 compared to \$1,677,736 at the end of September 2018.
- Accounts Payable plus Other Accrued Liabilities totaling \$106,698 were \$(176,819) less than the \$283,517 balance at the end of September 2018.
- The GASB 68 Pension liability of \$5,162,285 and the GASB 75 OPEB (other postemployment benefits, i.e. retiree healthcare) liability of \$3,502,913 represent estimates of the Commission’s proportional share of the unfunded liabilities of the Ohio Public Employees Retirement System (OPERS). The Government

Accounting Standards Board mandates that these amounts be shown in the financial statements, but such amounts do not represent an actual legal liability to OPERS, as per State of Ohio law. Excluding the impact of GASB 68 and 75, net position would be nearly \$8.5 million greater, or a positive balance of \$3,140,256, as of September 30, 2019.

Expenses and Appropriations

Expenses through the end of the third quarter of 2019 totaled \$9,998,552 or 52.4% of the total year's operating appropriations of \$19,078,175.

Operating Reserve

The \$220,142 in operating cash at September 30, 2019 is equivalent to 4 days of expenditures, which is significantly less than the 30-day (\$1,568,069) target threshold established in the Operating Reserve Policy.

The \$1,385,899 balance of the invested operating reserve at September 30, 2019 is held in STAROhio, and has not been utilized to date in 2019. Combining both the operating reserve balance and the operating cash balance equates to 31 days of expenditures, which is less than the 60-day target threshold as per the Operating Reserve Policy. Interest earned and allocated to the operating reserve year-to-date through September 30 was \$16,919.

MORPC
Statement of Net Position
As of 09/30/2019

	<u>Balance at</u> <u>09/30/2019</u>	<u>Balance at</u> <u>08/31/2019</u>	<u>Monthly</u> <u>Difference</u>	<u>Balance at</u> <u>09/30/2018</u>	<u>Yearly</u> <u>Difference</u>
Assets					
Current Assets					
Cash	\$220,142	\$804,992	(\$584,850)	\$1,355,086	(\$1,134,944)
Cash-Designated for Building Improvement	549,525	548,497	1,028	693,349	(143,824)
Cash-Operating Reserve	1,385,899	1,383,401	2,498	1,334,191	51,708
Cash-Building Reserve	1,065,656	1,063,714	1,943	1,040,248	25,408
Cash-Management Reserve	107,504	107,319	185	102,536	4,968
Cash with Trustee NSP1 Franklin Co	40,055	39,996	59	40,889	(834)
Investments Greenways Fund	11,793	11,793	0	10,925	868
Accounts Receivable	1,983,949	1,236,407	747,543	1,677,736	306,213
Prepaid Expenses	<u>119,080</u>	<u>138,674</u>	<u>(19,594)</u>	<u>101,840</u>	<u>17,240</u>
Total Current Assets	5,483,604	5,334,793	148,811	6,356,802	(873,198)
Non-Current Assets					
Forgivable Mortgages	27,867	28,029	(162)	38,362	(10,495)
Fixed Assets	679,899	679,899	0	626,507	53,392
Contributed Assets	249,669	296,860	(47,191)	369,976	(120,307)
Accumulated Depreciation	<u>(825,607)</u>	<u>(870,770)</u>	<u>45,163</u>	<u>(904,942)</u>	<u>79,335</u>
Total Non-Current Assets	131,828	134,018	(2,190)	129,903	1,925
Deferred Outflows of Resources					
GASB 68 Pension	1,401,175	1,401,175	0	2,919,775	(1,518,600)
GASB 75 OPEB	<u>269,545</u>	<u>269,545</u>	<u>0</u>	<u>41,937</u>	<u>227,608</u>
Total Deferred Outflows of Resources	<u>1,670,720</u>	<u>1,670,720</u>	<u>0</u>	<u>2,961,712</u>	<u>(1,290,992)</u>
Total Assets	<u>\$7,286,152</u>	<u>\$7,139,531</u>	<u>\$146,621</u>	<u>\$9,448,417</u>	<u>(\$2,162,265)</u>
Liabilities					
Current Liabilities					
Accounts Payable	\$76,817	\$92,446	(\$15,629)	\$251,750	(\$174,933)
Accrued Payroll	245,543	220,073	25,470	199,388	46,155
Accrued Fringe Benefits	79,987	73,758	6,229	73,100	6,887
Other Accrued Liabilities	29,881	26,790	3,091	31,767	(1,886)
Accrued PTO & Sick Leave	55,000	55,000	0	40,000	15,000
Deferred Income	977,666	699,229	278,437	1,004,323	(26,656)
Deferred Income-Member Dues	307,054	382,366	(75,313)	335,433	(28,379)
Deferred Income-Indirect Reserve	195,484	183,645	11,839	229,477	(33,994)
Deferred Fringe Benefit Reserve	<u>(45,157)</u>	<u>(33,202)</u>	<u>(11,955)</u>	<u>102,982</u>	<u>(148,140)</u>
Total Current Liabilities	1,922,274	1,700,105	222,169	2,268,220	(345,946)
Non-Current					
Accrued PTO & Sick Leave	526,035	505,431	20,604	452,291	73,744
HOPE 3 Deferred Income	836	998	(162)	3,406	(2,569)
Other Mortgages-Deferred Income	27,031	27,031	0	34,957	(7,925)
GASB 68 Pension Liability	5,162,285	5,162,285	0	7,183,782	(2,021,497)
GASB 75 OPEB Liability	<u>3,502,913</u>	<u>3,502,913</u>	<u>0</u>	<u>3,240,710</u>	<u>262,203</u>
Total Non-Current	9,219,101	9,198,658	20,442	10,915,146	(1,696,045)
Deferred Inflows of Resources					
GASB 68 Pension	1,234,076	1,234,076	0	336,123	897,953
GASB 75 OPEB	<u>260,944</u>	<u>260,944</u>	<u>0</u>	<u>0</u>	<u>260,944</u>
Total Deferred Inflows of Resources	<u>1,495,020</u>	<u>1,495,020</u>	<u>0</u>	<u>336,123</u>	<u>1,158,897</u>
Total Liabilities	12,636,395	12,393,783	242,611	13,519,489	(883,094)
Net Assets					
Beginning Net Assets	<u>(4,617,866)</u>	<u>(4,617,866)</u>	<u>(0)</u>	<u>(3,757,107)</u>	<u>(860,759)</u>
Current YTD Net Income	<u>(732,376)</u>	<u>(636,386)</u>	<u>(95,990)</u>	<u>(313,965)</u>	<u>(418,411)</u>
Total Net Assets	<u>(5,350,242)</u>	<u>(5,254,252)</u>	<u>(95,990)</u>	<u>(4,071,072)</u>	<u>(1,279,170)</u>
Total Liabilities and Net Assets	<u>\$7,286,152</u>	<u>\$7,139,531</u>	<u>\$146,621</u>	<u>\$9,448,417</u>	<u>(\$2,162,264)</u>

MID-OHIO REGIONAL PLANNING COMMISSION

SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance over / (under)</u>
Revenue			
Planning, Data & Transportation	\$ 5,535,154	\$ 7,121,387	\$ (1,586,233)
Residential Services	2,915,748	5,263,229	(2,347,481)
Services to Members & Development	694,968	648,359	46,610
Other	<u>61,765</u>	<u>1,255,406</u>	<u>(1,193,641)</u>
Total Operating Revenues	\$ 9,207,636	\$ 14,288,381	\$ (5,080,745)
Expenses			
Salaries and benefits	\$ 5,815,123	\$ 6,271,950	\$ (456,827)
Materials and Supplies	124,436	544,648	(420,212)
Consultants, services and other	4,031,617	7,433,758	(3,402,141)
Depreciation	<u>27,377</u>	<u>58,276</u>	<u>(30,898)</u>
Total Expenses	\$ 9,998,552	\$ 14,308,631	\$ (4,310,079)
Operations income (loss)	\$ (790,916)	\$ (20,250)	(770,666)
Interest Income	<u>58,540</u>	<u>20,250</u>	<u>38,290</u>
Increase (decrease) in net position	<u>\$ (732,376)</u>	<u>\$ -</u>	<u>\$ (732,376)</u>