

February 11, 2014

*District of Columbia*

*Bladensburg\**

*Bowie*

*Charles County*

*College Park*

*Frederick*

*Frederick County*

*Gaithersburg*

*Greenbelt*

*Montgomery County*

*Prince George's County*

*Rockville*

*Takoma Park*

*Alexandria*

*Arlington County*

*Fairfax*

*Fairfax County*

*Falls Church*

*Loudoun County*

*Manassas*

*Manassas Park*

*Prince William County*

*\*Adjunct Member*

To: **Board of Directors**

From: **Chuck Bean, Executive Director**  
**Paul Beriault, Chief Financial Officer**

Subject: **Fiscal Year 2014 Second Quarter Financial Report**

I am pleased to submit the second quarter (July through December) financial reports for fiscal year 2014. These reports show significant budgetary and fiscal developments that further strengthen COG's financial position and allow for the completion of this year's approved work program as well as meeting strategic goals.

#### **Statement of Net Assets - Schedule 1**

Cash at December 31, 2013 was \$7,040,730, which allows COG to meet its cash requirements for its financial obligations to vendors, exceeding the amount of \$3,019,233 for accounts payable and \$1,068,528 for accrued liabilities by \$2,952,969.

For the fiscal year ended June 30, 2013, the unrestricted net reserve fund was \$8,936,999. The additional unrestricted net reserve for the six months from July 1 to December 31, 2013 is \$3,562,082. The reserve funds are primarily invested in certificates of deposit and are laddered in maturities to meet liquidity and average rate of returns requirements.

#### **Statement of Revenue and Expenses - Schedule 2**

COG's revenues for the six-month period exceeded expenses by \$3,562,082. The revenue from membership assessments and local fee for service is fully reported in the first two quarters of the fiscal year. Accordingly, the second quarter surplus will subsequently decline as the fiscal year progresses.

#### **Comparative Project Budgets - Schedule 3**

Total forecasted annual program revenues increased by \$753,275, up 2.8% from the adopted work program budget. The reason for this change is primarily due to the UPWP amendment in December.

#### **Accounts Receivable Aging - Schedule 4**

The accounts receivable balance as of December 31, 2013 was \$8,721,403. There are no significant account receivables in arrears.

**Metropolitan Washington Council of Governments**  
**Statement of Net Assets**  
**December 31, 2013 \***

**SCHEDULE 1**

<b><u>ASSETS</u></b>	<b>Current FY 14 Qtr 2 <u>Dec. 31, 2013</u></b>	<b>Comparative FY 13 Qtr 2 <u>Dec. 31, 2012</u></b>
Cash	\$ 7,040,730	\$ 6,451,207
Investments	9,066,004	9,207,030
Accounts Receivable	8,721,403	10,007,071
Advances, Deposits and Prepaid Expenses	49,211	174,629
Furniture, Equipment and Leasehold Improvements (net)	<u>748,551</u>	<u>480,303</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 25,625,899</u></b>	<b><u>\$ 26,320,240</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts Payable	\$ 3,019,233	\$ 3,235,227
Accrued Leave and Expenses	1,068,528	1,218,218
Deferred Revenue	2,503,837	2,047,250
Net Pension Obligation	<u>1,084,032</u>	<u>687,847</u>
Total Liabilities	<b><u>\$ 7,675,630</u></b>	<b><u>\$ 7,188,542</u></b>
Invested in Capital Assets	\$ 748,551	\$ 480,303
Project Funds	4,502,637	5,283,754
Capital Plans	200,000	250,000
Current Net Increase	3,562,082	4,353,992
Unrestricted General Funds	<u>8,936,999</u>	<u>8,763,649</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 25,625,899</u></b>	<b><u>\$ 26,320,240</u></b>

\* Unaudited

**Metropolitan Washington Council of Governments  
Statement of Revenue and Expenses (Unaudited)  
Six Months Ended December 31, 2013**

**SCHEDULE 2**

<b><u>REVENUE</u></b>	<b>PASS-THROUGH <u>AWARDS</u></b>	<b><u>COG ACTIVITY</u></b>	<b><u>TOTAL</u></b>
Federal Revenue	\$7,897,031	\$4,535,079	\$12,432,110
State Revenue		3,050,877	3,050,877
Membership Assessments *		3,579,955	3,579,955
Local Revenue (Regional Funds and Other) *		2,828,823	2,828,823
Building * and Investment Income		451,399	451,399
Miscellaneous Revenue		446,752	446,752
Foundation Grants and IRE		168,636	168,636
<b>TOTAL REVENUE</b>	<b><u>7,897,031</u></b>	<b><u>15,061,521</u></b>	<b><u>22,958,552</u></b>
<b><u>EXPENSES</u></b>			
Salaries and Fringe Benefits		6,457,076	6,457,076
Direct Consultants/Contractors		1,262,271	1,262,271
Subawards and Pass-Through	7,897,031	0	7,897,031
Other Direct Costs		1,810,038	1,810,038
Indirect Costs		1,970,054	1,970,054
<b>TOTAL EXPENSES</b>	<b><u>7,897,031</u></b>	<b><u>11,499,439</u></b>	<b><u>19,396,470</u></b>
<b>NET INCREASE</b>	<b><u>\$0</u></b>	<b><u>\$3,562,082</u></b>	<b><u>\$3,562,082</u></b>

\* Reported on non-accrual basis; includes all FY14 revenue

**Metropolitan Washington Council of Governments  
 FY 2014 Adopted Budget Versus Revised Budget  
 December 31, 2013**

**SCHEDULE 3**

<u>Program Area</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Increase (Decrease)</u>
<b><u>Transportation Programs</u></b>			
1.0 Transportation Planning	\$ 12,479,344	\$ 13,170,119	\$ 690,775
2.0 Commuter Connections Programs	5,158,000	5,158,000	-
<b>Subtotal</b>	<b>17,637,344</b>	<b>18,328,119</b>	<b>690,775</b>
<b><u>Community Planning Services and Public Safety</u></b>			
3.0 Metropolitan Planning	516,000	516,000	-
4.0 Housing Opportunities	375,182	375,182	-
5.0 Child Welfare	341,021	341,021	-
6.0 Public Safety and Health	1,737,590	1,737,590	-
<b>Subtotal</b>	<b>2,969,793</b>	<b>2,969,793</b>	<b>-</b>
<b><u>Environmental Programs</u></b>			
7.0 Water Resources	2,983,916	2,983,916	-
8.0 Environmental Resources	973,237	1,035,737	62,500
9.0 Air Quality Planning	1,248,390	1,248,390	-
<b>Subtotal</b>	<b>5,205,543</b>	<b>5,268,043</b>	<b>62,500</b>
<b><u>Direct Services to Local and State Governments</u></b>			
10.0 Direct Services to Local and State Governments	668,051	668,051	\$0
<b>T o t a l</b>	<b>\$ 26,480,731</b>	<b>\$ 27,234,006</b>	<b>\$ 753,275</b>

**Metropolitan Washington Council of Governments  
Accounts Receivable Aging Schedule (Unaudited)  
December 31, 2013**

**SCHEDULE 4**

Department	Current	31 to 60	61 to 90	Over 90	Balance Due
<b><u>Transportation</u></b>					
Transportation Programs	\$ 4,363,612	\$ 275,783	\$ 885	\$ 750,808	\$ 5,391,088
Total	4,363,612	275,783	885	750,808	5,391,088
<b><u>Environmental</u></b>					
Environmental Programs	966,052	622,126	312,651	20,703	1,921,532
Total	966,052	622,126	312,651	20,703	1,921,531
<b><u>Public Safety and Health</u></b>					
Public Safety & Health Programs	328,196	343,414	361,390	52,989	1,085,989
Total	328,196	343,414	361,390	52,989	1,085,990
<b><u>Other Services</u></b>					
Administrative/Other	222,977	45,250	12,111	42,457	322,795
Total	222,977	45,250	12,111	42,457	322,795
<b>Grand Total</b>	<b>\$ 5,880,836</b>	<b>\$ 1,286,573</b>	<b>\$ 687,037</b>	<b>\$ 866,958</b>	<b>\$ 8,721,403</b>

*Accounts Receivable Ratios:*

*Average Number of Days to Collect Outstanding Receivables (Receivables divided by average daily revenue)*

Period ending December 31, 2013 = **70**

Period ending December 31, 2012 = **71**

*Receivable Turnover Ratio (Revenue divided by average receivables)*

Period ending December 31, 2013 = **2.57**

Period ending December 31, 2012 = **2.40**