

MEMORANDUM

DATE: March 16, 2021
TO: CRCOG Personnel Finance Committee
FROM: Pauline Yoder, CRCOG Chief Operating Officer
SUBJECT: **Deferred Revenue and Revenue Recognition**

CRCOG has multiple projects that have been carrying a considerable amount of “deferred revenue” for a number of years. Revenue was recognized only when expenses were incurred. CRCOG staff believes there are several projects for which this was an overly conservative approach to the revenue recognition, and it would be appropriate to recognize the funds in the year they are collected and have them in assigned or restricted fund balances. Many of the projects originated from grants and appropriately deferred revenue during the grant period. Once the grants were completed, however, it was a very conservative view to treat the fees and revenues as “deferred revenue.”

The chart below a list of the projects CRCOG staff will recognize revenue. All the projects listed have completed any required grants and the funds remaining are from contributions and sources that do not have additional required activities except as determined by CRCOG. Staff has been in contact with CRCOG’s auditors regarding this issue and the auditors agree that this is the correct course of action for these projects. The chart also outlined current or intended uses for each of those funds.

Project	Description	Deferred Revenue FY 2020	Projected for FY 2021	Intended Use / Current Utilization
Municipal Services	CRPC dues, Admin and Vendor fees	\$ 173,253.77	\$305,252.55	Municipal Services / CRPC staff. FY 21-22 budget proposes an additional staff person
E-Government	Vendor fees	\$46,830.23	\$46,830.23	Intention: Municipal Services Staff / future e-government opportunities
Regional Program Funds	Local dues for the Regional Programs Fund	\$ 866,529.98	\$1,016,529.98	Regional Programs as determined by the CRCOG Policy Board
Public Safety Programs (CT-Chief, Heartbeat and CAPTAIN)	User fees and other revenue	\$1,257,782.35	\$1,007,782.35	Estimate after CAPTAIN sunset is approximately \$450,000; Uses: Public Safety Staff; CRCOPA to propose potential uses for remainder

Any use of the fund balances for Municipal Services and Public Safety projects will typically be outlined in the annual CRCOG budget for the upcoming fiscal year. CRCOG staff recommends a target fund balance of \$100,000 each in Public Safety and Municipal Services to support future staff needs, especially if state funding becomes unreliable in future years. Separate purchases or specific uses Regional Programs Fund use would be approved by the Policy Board as projects or opportunities arise.

Capital Region Chiefs of Police (CRCOPA) will meet to propose potential uses for the Public Safety Program future fund balance. Potential uses include equipment for regional SWAT teams, replacement of regional response vehicles that are reaching end of life, other regional team equipment or training needs.

Next steps in proceeding would be:

- All changes above would be included in the upcoming CRCOG annual budget.
- Uses that require Policy Board approval (such as the use of Regional Program Fund, CRCOPA proposed uses) would go to the Policy Board when those uses are identified in separate resolutions.
- If the Personnel Finance Subcommittee recommends uses not outlined above staff would adjust the budget accordingly and bring the information for approval to the Policy Board.