

**Workforce Development Board
Executive, Finance and Audit Committee
and RochesterWorks, Inc. Board of Directors Meeting Minutes
Tuesday, November 13, 2018
75 College Ave. Rochester, NY**

Committee Members Present: Sergio Esteban, George Scharr, Timothy Shortsleeve, Richard Turner

Committee Members Absent: William Clark, Corinda Crossdale, Jeffrey Adair, Daniele Lyman-Torres

RochesterWorks, Inc. Board Present: Sergio Esteban, George Scharr, Timothy Shortsleeve, Richard Turner

RochesterWorks, Inc. Board Absent: William Clark, Corinda Crossdale, Jeffrey Adair, Daniele Lyman-Torres

Staff and Guests: Craig Stevens, Lauren Valerio (The Bonadio Group), Peter Pecor, Michael DeBole, Behiye Mansour, Mary McKeown

WORKFORCE DEVELOPMENT BOARD EXECUTIVE, FINANCE AND AUDIT COMMITTEE

Call to Order

The Executive, Finance and Audit Committee Meeting was called to order by Sergio Esteban at 7:34 A.M.

Approval of Minutes:

A motion to approve the August 14, 2018 Meeting Minutes was made by Richard Turner and second by Timothy Shortsleeve. The motion was passed unanimously.

Audit Committee:

Craig Stevens of the Bonadio Group Provided a Draft Independent Audit Report

A 2017-2018 Draft Audit Report Binder was handed out and discussed.

Craig Stevens and Lauren Valerio, The Bonadio Group, reviewed the process and key outcomes of the recent audit for the year ending June 30, 2018.

Craig reviewed the Executive Summary which includes the following key outcomes of the audit process:

- Independent Auditor's Report: The Bonadio Group will issue an unmodified opinion on the financial statements of RochesterWorks, Inc.
- Internal Control: There were no significant deficiencies or material weaknesses in internal control identified during the audit.
- Audit Adjustments: An adjustment was proposed to capitalize \$87,027.00 of equipment purchases that had been expensed. This adjustment was made by management.
- Interaction with Management: Management was cooperative and responsive to questions and information requests during the audit.

Craig also reviewed beginning next year the financial statements will include several new disclosures, of which the biggest change will be the need to talk about liquidity in the financial statement, how we fund operations for

one year from the balance sheet date. There will also be a quantitative disclosure showing what type of financial assets we have available. An additional requirement will be to discuss in the footnotes how the costs between programs and management in general will be allocated.

Craig pointed out under the Management Representations section there were no unusual representations that were requested on management's part of the letter this year and stated the audit process was extremely smooth this year.

Timothy Shortsleeve praised The Bonadio Group on the great work done in preparing the report, knowing the types of difficulties they encountered in preparing the report.

Lauren briefly reviewed financial information on the Balance Sheet, the Statement of Activities and Change in Net Assets and the Statement of Functional Expenses including:

- Assets - total assets in 2017 was \$1.7M, decreased to \$1.4M in 2018, a decrease of about \$320K (18%), the main decrease being the decrease in cash. The reason for this was an advance deposit of \$630K received in 2017 in the Summer Youth Program, which was deferred revenue.
- Grants receivable - with the federal grants receivable, there was an increase of about \$240K, mainly due to timing, noting having \$88K outstanding related to DASNY, which was a new capital grant received this year. Other federal grants receivable remained consistent.
- Fees for service receivables - increased about \$25K. With receivables as a whole, examining subsequent receipts during field work, there were no collectability issues, the organization did not book an allowance, The Bonadio Group did not deem this necessary, remaining consistent with prior years.
- Property and equipment - the amount of \$87K was for software purchased through the DASNY grant.
- Current liabilities - due to service providers, this increased about \$220K, mainly due to increased participation with the Finger Lakes Hired Program.
- Accounts payable and accrued expenses, this amount decreased about \$62K, most of this decrease relates to the organization no longer paying the Monroe County Oversight Contract. This accounted for about \$43K of the decrease in the accrual.
- Net Assets were \$692K, this amount is up from \$540K in 2017.
- Revenue - the total revenue amount decreased to \$8.2M from \$8.6M in 2017, due to several factors. The Federal grant revenue decreased about \$470K, of which Finger Lakes Hired funds decreased \$185K resulting from the program winding down, and the remainder of the funds will be requested in 2019 as the grant comes to an end.
- Trade adjustment assistant funds decreased \$40K due to the organization serving less participants.
- WIOA Adult, Youth & Dislocated Worker funds decreased by \$582K, receiving less funds from the Department of Labor.
- These decreases were offset slightly by receiving two new grants for approximately \$64K, in addition to a \$229K increase in TANF funds.
- Other funds - other grants revenue from non-federal funding sources increased \$64K, relating to the new Capital DASNY grant.
- Fees for service revenue decreased \$36K primarily due to Monroe County Welfare to Work, EAP and the OJT program serving less participants.
- Expenses are consistent with the decrease in revenue, expenses decreased to \$8M, compared to \$8.7M.
- The change in net assets increased \$151K in 2018 compared to the decrease in net assets of \$42K in 2017.
- Total salaries and related expenses decreased \$211K. There were 3 less full-time employees and 2 less part time employees, which was offset by a salary increase of 3% and the suspension of the 401K contributions.
- The individual training line expense decreased \$532K, primarily due to the WIOA program having significantly less individual trainings year over year.
- The Monroe County oversight line decreased \$147K.

A motion to approve The Bonadio Group Draft Independent Audit Report was made by Timothy Shortsleeve and seconded by George Scharr. The motion was passed unanimously.

Finance Committee:

Michael DeBole Provided A Packet Covering the Summary of Expenses July 1, 2018 - September 30, 2018

Michael DeBole began by extending a thank you to Behiye and staff for the great work done this past year in preparing the financial report.

The Q1 2018 Financial Initiatives included a request in mid-October for a transfer of funds from Dislocated Worker to Adult in the amount of \$250K. At this time, Michael DeBole made the request for the committee to vote on the transfer of these funds to make it official. A motion to approve this transfer of funds was made by Richard Turner and seconded by George Scharr. The motion was passed unanimously.

The Summer Youth Program for the year 2018 served 445 participants, final vouchers are currently being wrapped up, approximately \$1.2M has been spent and overall has been a very successful program.

The LEAP Program ended September 2018 and the funding is now complete. In mid-October, the Monroe County Industrial Development Corporation offered a grant for \$300K that will take over the LEAP Program and we'll continue to work with the re-entry program with this funding from the county. This grant will run for 1 year with hopes to continue with additional term years.

Michael DeBole reported that as of Q1 2018, we're on track to meet the challenges and will be successful in spending down 80% of the funding streams. The individual training direct service expenditures are approximately 50% spent and as of September 2018, and we have committed the remainder of our ITA's \$440K budget. The ITA's will be expensed by January 2019.

Individual training accounts, by providers are the Finger Lakes Community College, Monroe Community College and Wayne Finger Lakes, we served approximately 119 participants, at average cost of \$2,800.

Friday, November 9, 2018 RochesterWorks! had their Open Enrollment Presentation for Excellus Medial Costs. Overall there will be a small increase, with our Excellus Blue Cross Blue Shield, we had approximately 8%, all other ancillary costs remained flat for the year. Dental, Vision and a few other costs are due to increase next year.

A motion to approve the medical benefits as presented was made by Timothy Shortsleeve and seconded by Richard Turner. The motion was passed unanimously.

Directors Report:

Peter Pecor provided a list of current memberships and terms. Mary Beth Artuso; VP, Complemar, Kyle Banks; RG&E, Jerome Underwood; CEO, Action for A Better Community and Mark Rogacki; RCSD have recently been added to the list. We'll continue to reach out for new members as we need to maintain 51% of private sector members.

Discussion continued how to increase membership. Peter Pecor would like to increase the number of business members from 16 to 20. Peter stated that under WIOA, new members have to be nominated by The Chamber of Commerce and then appointed by the County Executive and Mayor. Sergio Esteban noted that he would like to take the lead in identifying 3-4 companies to pursue for additional members. Peter Pecor would like to be compliant with membership by January 2019.

A motion to adjourn this meeting was made by George Scharr and seconded by Richard Turner.

Directors Report:

A motion to open the meeting as a RochesterWorks, Inc. Board Meeting was made by Sergio Esteban and seconded by Richard Turner to discuss a resolution regarding the Second Chance Monroe - Connecting Re-entry to Employment Opportunities (MCIDC Grant). Peter Pecor provided a handout for this discussion. Peter stated, with the LEAP Grant, we had a contract with DELPHI, so we are asking the board to approve a contract again with DELPHI for this specific purpose.

A motion to approve the contract with DELPHI and the \$300K allocation to RochesterWorks, Inc. was made by Timothy Shortsleeve and seconded by George Scharr. The motion was passed unanimously.

Other Items:

RWI Executive Finance & Audit Committee Meeting: February 12, 2019

Adjournment:

Sergio Esteban moved to adjourn the meeting at 9:00 A.M.

Approved



Peter Pecor

Submitted by Mary McKeown

Approved:

Peter Pecor: 11/30/18

Michael DeBole: 12/3/2018