

**Workforce Development Board
Executive, Finance and Audit Committee
and RochesterWorks, Inc. Board of Directors
Meeting Minutes
Tuesday, November 16, 2021
8:00AM - 9:00AM
Meeting Scheduled via Zoom**

Committee Members Present: Sergio Esteban, George Scharr, Bert Brinkerhoff, Romanda Gibson-Stevenson, Seanelle Hawkins, Ana Liss

Committee Members Absent: Corinda Crossdale, Daniele Lyman-Torres

RochesterWorks, Inc. Board Present: Sergio Esteban, George Scharr, Bert Brinkerhoff, Romanda Gibson-Stevenson, Seanelle Hawkins, Ana Liss

RochesterWorks, Inc. Board Absent: Corinda Crossdale, Daniele Lyman-Torres

Staff and Guests: David Seeley, Michael DeBole, Mary McKeown, Craig Stevens, Amanda Della Sala, Taylor Kavanagh

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 8:03 A.M.

Approval of Minutes:

A motion to approve the August 17, 2021, Meeting Minutes was made by George Scharr and seconded by Bert Brinkerhoff. The motion was passed unanimously.

Audit Committee:

Bonadio Annual Report

Amanda Della Sala presented their Report to the Finance and Audit Committee, 2021 Audit Results.

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

- Status of the Audit: They substantially completed the audit and key open items include final review and approval of financial statements and receipt of signed management representation letter.
- Key events and transactions affecting the year: The Organization adopted a new Accounting Standard (ASU) 2014-09, which is Revenue from Contracts with Customers. There was no effect on total net assets or the change in net assets as a result of adopting this standard. There were no other changes in the Organization's accounting policies during the year and all policies are considered appropriate.

The Organization's Paycheck Protection Program (PPP) loan was forgiven and recorded as a gain on forgiveness.

- Internal Control Findings: No material weaknesses or significant deficiencies in internal control were identified.

Amanda also reviewed the Status of the Audit, noting:

- The audit has been substantially completed at this point and they expect to issue their final audited statements during the month of November.
- Bonadio presented their audit plan back in September and they were required to continuously evaluate their initial audit plan, which they did throughout the audit, and there were no changes to the planned audit approach.

Amanda also reviewed the following items included in the Audit Risks and Results section:

- **Fraud and Significant Risks:** Management overriding controls and fraud in revenue recognition are presumed audit risks on every audit. They have to incorporate that as a presumed fraud risk as part of every audit. One risk was added for Grant and Similar Programs, in linking with our single audit that was performed. There were no issues, no findings with any of these risks that were identified.
- **Other Matters of Emphasis:** The new accounting standard was implemented and there was no significant impact to the financial statements.
- **Particularly Sensitive Accounting Estimates:** Amanda included a Description of Estimate and a Basis for Estimate for the following:
 - **Allowance for doubtful accounts:** Audit team evaluated management's analysis in determining that the estimate is reasonable, payor's creditworthiness is accurate/consistent, prior years' experience is indicative of current year.
 - **Functional expense allocations:** Allocation and classification by function process - Audit team evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.
 - **Depreciation expense:** Depreciation expense is calculated using the straight-line method over the useful lives of the related assets.

Taylor Kavanagh reviewed the following items included in the Other Required Communications section:

- **Independence re-evaluation:** There were no independence matters that occurred or were identified after September 8, 2021, the date of their most recent independence communication to the Organization.
- **Material uncertainties related to events and conditions:** There were no conditions or events that they identified indicating there is substantial doubt about the Organization's ability to continue as a going concern.
- **Disagreements with management:** There were no disagreements with management and there were no difficulties encountered throughout the audit.
- **Other material written communications:** We will obtain a management representation letter through issuance of the financials.
- **Significant unusual transactions:** There were no significant unusual transactions during the current year.
- **Fraud and illegal acts:** They did not identify any potential or known fraud or illegal acts.
- **Non-compliance with laws and regulations and alternative accounting treatments:** They did not identify any instances of non-compliance with laws and regulations or alternative accounting treatments.
- **Other information in documents containing audited/reviewed financial statements:** They did not identify any information that was materially inconsistent with the information in the financial statements.
- **Quality of financial reporting:** There were no identified instances of nonconformity with the financial reporting, and they did not identify any possible biases or judgement related to management's accounting estimates. They found those to be appropriate and reasonable.
- **Related parties:** They noted no related parties or related-party relationships or transactions that were previously undisclosed to them or lack business purpose.
- **Other matters:** There were no other matters that arose from the audit that are significant to the oversight of the Organization's financial reporting process.

Amanda reviewed the following information included in the Trending Topics section:

- ASU 2016-02 - Leases: This is a new accounting standard on the horizon related to leases. This standard will be effective for the Organization's fiscal year ending June 30, 2023, as the effective date has been delayed by the FASB in response to the COVID-19 disruption. As we have a good number of operating leases for our space, this will impact the Organization. What this standard will effectively do is take any lease that's held for more than 12 months and require that it be recorded as a liability on our balance sheet, with an equivalent right-to-use asset.

Amanda Della Sala of the Bonadio Group Provided an Overview of the Draft Financial Statements

Amanda reviewed the following numbers on the Balance Sheet:

- Assets - Cash for fiscal 2021 is down slightly from 2020. Fiscal 2020 was a little bit elevated and that is primarily due to the PPP funds coming in during fiscal 2020.
- Grants Receivable - There is a decrease from last year in the federal grant's receivable. The reason for this is, at the end of fiscal 2020, Covid was still relatively new, we were only about 3 months into it, and the federal government was really delayed in getting their payments out. This caused the receivables to be up in 2020.
- Property and Equipment - The property and equipment are about \$96K. There was about \$7K of new additions during fiscal 2021, offset by about \$22K of depreciation expense.
- Paycheck Protection Program Loan Payable - The amount for \$337,500 was a liability last year. That loan was forgiven during fiscal 2021, so that loan comes off the balance sheet.
- Total Liabilities: There is about \$470K of liabilities for the organization at year end.

Amanda also reviewed the following:

Statement of Activities and Change in Net Assets:

- Revenue - The Federal revenue is down about \$1.3M from last year. WIOA Adult Programs were down slightly while Youth Activities were up slightly. The Adult Program being down really is seeing some of that impact of the unemployment benefit that was offered throughout the fiscal year. The Temporary Assistance for Needy Families is down about \$1M from last year. Our Career Centers were closed due to Covid, so programs were run remotely and that really resulted in just less interest from the public. There was a refund of about \$800K back to TANF in January of this year, due to not meeting the expenditure requirements, just due to lack of interest from individuals. Trade Adjustment Assistance was down about \$100K from fiscal 2020.

The State revenue was also down a bit, due to having a couple of programs, including the Work Experience Program (WEP), that ended in the middle of fiscal 2021. The job readiness training and Monroe County IDC grants were received in 2020 and were not continued into 2021. It was offset slightly by a DASNY grant of approximately \$30K that was received in 2021.

The Other revenue was approximately \$50K and that was the ESL Grant received during the year that was used for laptops and hotspots.

All in all, for fiscal 2021, a positive change in Net Assets of just about \$165K.

Statement of Functional Expenses:

- Salaries and Related Expenses: The Organization furloughed 7 employees during the year and that led to a decrease of about \$250K.
- Other Operating Expenses:
 - Individual Training: Due to the impact of Covid on all of fiscal 2021 coming through here with individual training and the unemployment benefit, there were less people seeking employment than we've seen in the past, and therefore this individual training need went down.

- **Wage Subsidies:** This expense is down about \$860K from last year. Covid causing less demand for workers out in the Community, therefore impacting the wage subsidies that RochesterWorks! pays to those related organizations and businesses.

Amanda discussed the Schedule of Findings and Questioned Costs, which is basically a summary of the single audit they perform. Due to the amount of federal revenue the Organization receives, Bonadio has to perform a single audit over that money, which is a special audit they do for federal revenue received. The key items the summary page will tell you is that the program that was tested this year as a major program was our WIOA Cluster. As a result of their testing, there were no significant deficiencies or material weaknesses identified, and there were no audit findings. Everything was clean and the audit went smoothly.

At this time, Board Members went into Executive Session, meeting privately with the auditors. Post session, Sergio Esteban noted that everything went very well. He thanked staff for doing a great job and noted his appreciation for the work Bonadio has provided.

A motion to approve The Bonadio Group Draft Independent Auditor's Report as presented was made by Bert Brinkerhoff and seconded by George Scharr. The motion was passed unanimously.

NYS Audit

Michael DeBole reported there were no risks or findings per the State during our Exit Interview on October 27, 2021.

Finance Committee:

Financial Report:

Michael DeBole Provided A Packet Covering the Summary of Expenses July 1, 2021 - September 30, 2021

Michael DeBole began his presentation by extending a thank you to his staff, Behiye and Nathan, and the rest of the organization for providing us the proper details and the work they do during the year. He also noted our New York State DOL audit went well. We had an Exit Interview mid-October, which included no findings or risks the State could define, and we are just awaiting the final reports, which will be hopefully sometime this month.

WIOA funding PY 2021 is currently under budget by 73%, which is where we expect to be for the first quarter. Participation has increased in the Career Center. We are still scheduling appointments and are seeing a gradual increase in the career center at 100 College Ave.

A WIOA request to transfer PY 2021 funds from Dislocated Worker funds to Adult funds in the amount of \$300K was approved via email. The email request was sent out on September 29, 2021, and 3 approvals were received.

A motion to confirm the approval for the transfer of PY 2021 funds from Dislocated Worker funds to Adult funds in the amount of \$300K as presented was made by Ana Liss and seconded by Romanda Gibson-Stevenson. The motion was passed unanimously.

Michael also reported on the Summer Youth Employment Program (SYEP), which included 253 participants, of which approximately 340 individuals had applied online. Thank you to the Youth Team for keeping the online application process open through the end of July, as that helped increase the participation of the participants. As of September, we have spent almost \$754K in the program, of the \$1.5M that was awarded. As of October, we have spent close to \$950K, most of which is reflected in the Provider Payments. Wage Subsidies are where they are, due to the program ending at the end of August for Direct Placements. As this year was again a challenge for both the staff and our providers, we did have a better participation rate, compared to last year.

Health Insurance Proposal Approval:

Michael DeBole reported on the 2022 Excellus Medical Benefits, including the premiums this year have increased, although overall premium aggregate costs decreased, mostly due to attrition. We had furloughed approximately 7 employees at 691 St. Paul Street Career Center and in the interim, a few other employees have left the company. We had a 15% decrease in total premium costs; but overall, we were able to increase our contribution share compared to prior year, due to some of these factors. At this point, we are in good shape with providing some of the better benefits to our employees. The other medical coverages, the dental rate did not change at all this year. We are paying approximately 66% of the premium and the employees pick up the difference. Our plans have not changed from prior year. We still have the co-pay Platinum 2 and the high-deductible Silver 16.

A motion to approve 2022 Medical Benefits, as presented for approval and recommendation to the Board, was made by Romanda Gibson-Stevenson and seconded by George Scharr. The motion was passed unanimously.

Directors Report:

Strategic Plan Update:

David Seeley reported the Strategic Planning Process has kicked off. A timeline has been set up in a manner that we hopefully will have something before the Full Board at our December meeting. A process has been set up whereby an RFP Committee will be established. This will be an offset of our Steering Committee. We had an initial Steering Committee that met, which was comprised of both Board Members and staff members. There has been a lot of interest from our staff to participate. The staff is very much excited about this process, not just that fact that we are engaging in it, but that they will be able to be active participants. The RFP has been released and the response date is December 6th, with the question period ending at the end of next week. We sent it to mostly local firms and there are a number of firms that engage in this locally.

Federal Build Back Better Challenge:

David Seeley reported this is a collaborative effort the County is spearheading with 9 counties. Since we last met, the County Executive and Ana Liss have convened the 9 counties and we have buy-in from the region to move forward. A steering committee has been established and the next step will be a working group to put an application together.

Monroe County - American Rescue Plan Funding:

David Seeley reported this is the County's process to determine to how it wants to allocate its American Rescue Plan dollars. The County has been allocated \$144M and the City of Rochester has been allocated in excess of \$200M. The City of Rochester has already gone through their public engagement process, allocating some of their dollars, and the County has held a series of public meetings. The key point is the County leadership directing this. One of the priority areas for our American Rescue Plan program is Workforce Development. Our goal is to put forth valued propositions to the County, identifying ways we can invest in Workforce Development, resulting in strong outcomes. As Dave has been talking to several people in the Workforce Development sphere, we will look to collaborate to find that critical mass where we can really get the most out of these dollars. The process goes early into next year and then with some allocations, hopefully we'll start to see this come together in the first half of next year, where we are really utilizing this money and investing it for good reason.

Additional Notes:


Dave added that at our December Full Board Meeting, we might have at least 1 additional item for Board action. We are looking at procuring a virtual job fair platform, which a lot of other WIBs currently use, but we don't. We will be doing a lot more job fairs, and we have seen success, particularly with DOL doing virtual job fairs. We are currently in the procurement process for this tool.

Dave will be hosting a Board Member Orientation on December 2nd for any new/existing members. This will be a general refresher course that will cover the basic responsibilities of the Board Members.

Adjournment:7

Sergio Esteban moved to adjourn the meeting at 9:04 A.M.

A motion to adjourn this meeting was made by Romanda Gibson-Stevenson and seconded by George Scharr. The motion was passed unanimously.

Approved  2/15/22

David Seeley

Dave Seeley, Exec Dir

Submitted by Mary McKeown

Approved:

David Seeley: 11/30/21

Michael DeBole: 11/30/21