

# MINUTES – draft until approved by Boards

WIRC Board of Directors Meeting and  
WIRC-CAA Board of Directors Meeting

June 18, 2015

The joint meeting of the Boards was called to order at 5:02 pm by WIRC Board Chair Jim Nightingale, in the community room of Macomb City Hall.

## **WIRC Board Present**

Chuck Gilbert  
Garry Hensley  
Mike Inman  
Mike Kirby  
Lowell Lueck  
Jim Nightingale  
Chad Sperry  
Lee Trotter

## **CAA Board Present**

Rick Barnhill  
Dennis Castlebury  
Gay Dickerson  
Alice Henry  
Gregg Huston  
Jeff Podhajsky  
Janet Schreck  
Carla Teslicka  
David Walker  
Don Wynn

## **Others Present**

Suzan Nash, Executive Director  
Tracy Camden, Fiscal Director  
Kevin Wiehardt, CS Director  
Rose Elam, Admin. Asst.  
Nathan Cobb, Transit Director  
John Hemming, Wipfli  
Patrick Stout, McDonough Voice

**APPROVAL OF MINUTES.** The March 12, 2015 Joint Board Meeting Minutes were approved as presented, with a motion by Gilbert and a second by Trotter. The motion passed unanimously.

Introductions were made for the benefit of new members.

**2014 ANNUAL AUDITS.** Nash introduced John Hemming, CPA and Partner of WIPFLI. She said that while the Boards were emailed draft copies of the audits, Hemming will present summaries, and once approved and finalized, Nash will email them a final copy if requested.

Hemming thanked Nash and Camden and staff for their assistance with the audits. He will be presenting financial overviews of both entities. Approval by a Board is required to finalize the audits. The audits went very smoothly due to staff cooperation and preparedness.

**WIRC Audit.** The WIRC is a governmental entity, so its audit looks different than the CAA audit.

Page 2 indicates the components of the WIRC financial statements, very similar to prior years. The WIRC received an unmodified opinion, or clean opinion; there are no modifications to the overall audit opinion. It means WIRC staff are following generally accepted accounting procedures, i.e., staff are recording receivables and expenditures correctly.

The second part of the governmental financial statement is the Management's Discussion and Analysis, pages 3-15, which lists the more significant events of the agency's financial year, those events provided by Nash and Camden.

The agency had a positive change in net assets (means net income) of \$40,626 in 2014 and \$23,070 in 2013. The total fund balance (think of it as our reserves) increased to \$45,521 in 2014. It was \$28,864 in 2013.

Net position is a useful indicator of WIRC's financial position and at December 31, 2014, found WIRC's assets exceeded liabilities by \$361,568. Hemming said that is a great financial indicator.

Grant and program administrative fees and other local revenue provided approximately 89% of the 2014 revenue for governmental activities, which were expended primarily on government operations. That is typical for regional councils and cannot be lowered much.

Starting on page 9 are factors concerning WIRC's future in the next 1-3 years. The State's budget is a huge factor which will impact this agency's future. While we don't know what will happen, what have we done from a contingency standpoint? Senior staff retirements are a reality and succession planning is a key element to successful passing of knowledge forward. Hemming recommended the Board read these pages as they are good summaries of information the Boards need to be discussing.

Referring to page 16, Statements of Net Assets, Hemming pointed to the following figures:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Assets	\$ 468,484	414,091	464,956
Total Liabilities & Net Position	468,484	414,091	464,956

Hemming likes to focus on the unrestricted balance, which is reported as \$328,634. That is our equity, or our net reserves that have built up. That is a large balance, meaning WIRC is in a great position to deal with fluctuations year-to-year. Our current assets are well above our current liabilities.

Auditors like to see available unrestricted net assets of 5-10% of annual revenue, in case of shortages or disruptions in funding streams. Page 18 shows that WIRC is well above that range.

WIRC 2014 annual revenue = \$1,259,727  
WIRC 2014 unrestricted net assets = \$328,634

The recommended balance should be between \$62,986 and \$125,973.

Hemming asked if there were any questions. Hearing none, it was moved by Inman and seconded by Gilbert to approved the WIRC 2014 audit. The motion was approved unanimously by roll call vote of the WIRC Board.

**CAA Audit.** The parts of the audit report are similar to WIRC's and are exactly the same as last year's CAA audit. The CAA received federal funds in excess of \$500,000, which requires special audit procedures and reporting.

The supplementary information is: the Schedule of Program Activity; Expenditures of Federal Awards and List of Programs; the Schedule of Revenues and Expenses for the Domestic Violence Program and the Sexual Assault Program; Internal Control Over Financial Reporting; Compliance for Each Major Program; and Schedule of Findings and Questioned Costs.

The CAA received an unmodified opinion to the standard audit. There were no deficiencies noted and no instances of non-compliance. This is a great testament to Camden, Nash and staff, operating in a regulatory environment, dealing with constantly changing regulations.

This year, WIPFLi looked at LIHEAP/Weatherization and CSBG as its major programs. They looked at all programs to see that revenue and expense recordings were in order, but only tested these two programs with 14 compliance points. Each year, they look at different programs. Any program that has \$300,000 of expenses or more has to be tested every three years.

The CAA was determined to be a low risk auditee. The auditors do not determine this. If the past two years' audits had unmodified independent auditor reports; there have been no findings in the financial reporting or the major programs that were selected; and no material weaknesses and no material non-compliance, that determines the CAA to be a low risk auditee, hence, the CAA has had very good financial records and results.

The following is reflected on Pages 6, 7 & 8:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Assets	\$ 1,687,212	1,580,097	1,868,957
Total Liabilities and Net Assets	1,678,212	1,580,097	1,868,957

The CAA has been consistent over the last three years and these numbers reflect a positive change in net assets. Hemming pointed out that the CAA has steadily built up its unrestricted net assets. Anytime that can be done means the staff are doing a really good job. He explained that temporarily restricted assets means they are time or purpose restricted but will eventually become unrestricted.

Hemming stated looking at page 7 that when a non-profit's revenues go down, the expenses need to go down too. The CAA's revenue is down a bit, but staff have done a great job in curtailing expenses, to the extent that there was a positive change in net assets in the last three years.

On Page 8, the available unrestricted net assets should be equal to 5-10% of annual revenue.

CAA 2014 annual revenue =	\$4,572,959
CAA 2014 unrestricted net assets =	502,584

The recommended balance should be between \$228,648 and \$447,296, so the CAA is above 10% but Hemming encouraged staff to continue building the unrestricted net assets.

Hemming reviewed pages 9, 10 and 11 ratios, average days cash on hand, days in accounts receivable and payable are all good numbers. On page 12, shows daily revenue and expense flow. \$17,588 comes in each day and \$17,443 goes out. Certainly for a non-profit, this shows a strong financial commitment. The best ratio of all is the administrative expenses to total expenses, which is 5.97%. The benchmark for this ratio is 10% or lower. As a CAA, our mission to serve our community is reflected in this ratio.

The last two pages relate to future developments. A FASB committee has been formed to undertake a Financial Statements for Not-for-Profit entities project. The idea is to make audits more user friendly. If this comes to be, Camden will be trained by WIPFLi.

Hemming asked if there were any questions. Hearing none, Castlebury moved to approve the 2014 CAA audit as presented; Barnhill seconded the motion. The motion was approved unanimously by roll call vote of the CAA Board.

Nash thanked Hemming for traveling from Wisconsin and for his excellent presentation. She also thanked Camden. WIPFLi begins requesting information from her in January, followed by their visit to the office in March, to the followup questions after their visit. Hemming echoed Nash’s comments and stated he appreciates the WIRC/WIPFLi relationship.

**FISCAL REPORTS/MONITORING CORRESPONDENCE**

Camden began with the WIRC-CAA Statement of Revenues and Expenditures for the 1st quarter period, January through March, 2015, showing the following figures.

		<u>Annual</u>
Total revenues	\$1,289,499	4,577,306
Total expenditures	1,329,238	4,601,301
Excess revenues over expenses	(39,739)	(23,995)

Two programs caused this loss, the Homebuyer Program and Emergency Repair Program. As she mentions frequently, while the work is being done and costs being incurred, we are paying staff salaries and contractor costs. We will have a deficit until we bill the program and get reimbursed.

Trotter asked what we depreciate? Camden replied our vehicles, the office file server, anything over \$5,000 value. Camden will record that entry during the last quarter of the year.

Camden asked if there were any other questions.

Hearing none, she continued with the WIRC Statement of Revenues and Expenditures for the same period. The report shows the following figures.

		<u>Annual</u>
Total revenues	\$276,745	\$1,205,007
Total expenditures	257,130	1,205,007
Excess revenues over expenses	19,615	0

Camden stated that WIRC always shows a loss during the first quarter but in this instance, there was a gain of \$19,615. The USDA Well Program WIRC is administering low interest loans for clients to make repairs to their wells. The way the fiscal entries are done (credits to expenses) makes it appear that expenses are reduced. There are \$38,000 in loans, and if subtracted from our excess, would show a deficit of \$18,000, which is a more accurate and usual position. Staff are required to make the entries that way, but it distorts her report.

Camden asked if there were questions on any individual lines? There were none.

Nash continued. The Illinois Coalition Against Sexual Assault made a monitoring visit in December and issues had been responded to. Walker confirmed he got a letter with the details and all had been resolved.

The DCEO monitor visited a week in May and reviewed Weatherization and LIHEAP fiscal files. There were no findings but he made a few noted recommendations, one related to cash disbursements, and the other, a W-9 that did not indicate a marital status. Staff took care of the noted issues. The monitor likened his visit to our agency as going on vacation.

**EXECUTIVE SESSION.** It was moved by Gilbert and seconded by Lueck at 5:50 pm to enter into Executive Session. The motion was approved unanimously by roll call vote.

Executive Session to consider the appointment, employment, compensation, discipline, performance, or dismissal of an employee of the public body or legal counsel for the public body pursuant to Section 2(C)1 of the Open Meetings Act; the purchase or lease of real property for the use of the public body pursuant to Section 2(C)5 of the Open Meetings Act; or pending or probable litigation pursuant to Section 2(C)11 of the Open Meetings Act.

Gilbert moved and Henry seconded to leave Executive Session at 6:18 pm. The motion was approved unanimously.

Gilbert reported that the Executive Director Evaluation Committee met. He shared results from the form distributed to Boards and staff. It was recommended that Nash receive the highest ranking, made in a motion by Gilbert and seconded by Kirby. The motion passed unanimously.

The draft press release announcing Nash's retirement was reviewed and accepted for release with a motion by Trotter and second by Wynn. Her retirement is accepted with regrets. Motion passed unanimously.

A Search Committee was established with the following to serve: Gilbert as Chair, Jameson, Inman, Walker, Henry and Wynn. Trotter made a motion to accept the committee. Barnhill seconded the motion. Motion was approved unanimously.

### **COMMUNITY ACTION/HOUSING REPORT.**

Wiehardt presented the written report he had prepared as of 03-31-15. It gave information per program about number of applications taken, apps approved, funds spent, and budget.

- The LIHEAP program has been completed for the program year. The Governor wants to sweep the State LIHEAP funds, which is about 1/3 of the funds agencies like WIRC get. The State set aside these funds years ago specifically for LIHEAP. It will take legislative action to let the Governor have the funds.
- The Weatherization (WX) Program will be completed June 30 for the program year.
- CSBG. See report.

- Emergency Food & Shelter Program. See report.
- CDAP Housing:

The 2013 housing programs in Augusta, Bushnell, Havana, Monmouth and Plymouth should be completed by September of this year. The 2015 housing programs for Abingdon, Astoria, Farmington, Norris and Smithfield are starting work. Staff are preparing applications for Blandinsville, Havana, LaHarpe and Plymouth for submittal in July.

- IHDA Housing:

Homebuyer Program. This program will be wrapped up in August. Fifteen homes were bought and rehabilitated. Future funding of this program is uncertain. Wiehardt hopes to learn more about future funding in July.

SFOOR (Single Family Owner Occupied Rehabilitation) program. The Abingdon and Havana programs have been completed.

A blight reduction program may be available and Wiehardt will have more information for a future meeting.

The Emergency Repair Program which was funded with HTF real estate taxes (state monies), spent nearly \$46,000 before the Governor suspended the program.

Nash continued:

- Transitional Housing – The Washington Street house is occupied, while the Kelly Street house was recently vacated and will undergo maintenance. A waiting list exists to select the next occupant.
- Village at Wheeler – Nash continues to conduct monthly resident meetings, with someone from the Park District speaking in June about summer youth programs. Huston asked if the meetings were well attended. Nash replied it varies from month to month, from no attendees to about 15. No meetings are scheduled for July and August. She schedules the meetings with the manager about two weeks prior so notices can be distributed to residents. Nash tries to keep the topics interesting. Huston said the residents appreciate the information given.
- Funding – Agencies are waiting to hear about the budget passing so they know if they will be able to make payroll July 1. Victim Services is expecting a 2.25% reduction in funding.

### **CSBG ORGANIZATIONAL STANDARDS.**

A spreadsheet was distributed for information only. The standards were developed by National Association of Community Action Agencies along with many others. The standards are what community action agencies must meet. The CAA Board previously received the draft form of the standards but they were finalized in January 2015. A few changes and additions occurred since they were last distributed. Nash highlighted Strategic Planning as an area we are most deficient in. Board Governance (CAA) has a couple of areas to work on. WIRC is doing well in Human Resource Management and Financial Operations. The state has allocated funds to help with technical assistance in order for agencies to meet the standards.

## **COMMUNITY DEVELOPMENT REPORT.**

Nash read highlights from the written reports prepared by staffpersons Nathan Cobb, Tim Lobdell, Josh Mercer, Kevin Wiehardt and herself and presented the following information:

- Current public facility projects. WIRC is currently administering 15 public facility CDAPs. Program progress was detailed in the report.
- Staff are administering Emergency Public Infrastructure CDAP grants for the communities of Carthage (water), and Joy (water).
- Staff will be resubmitting CDAP public infrastructure applications for the communities Avon, Colchester, Hamilton, LaHarpe, Macomb, Seaton and Victoria. New applications for the communities of Alexis, Bushnell and Dallas City are being prepared.
- Disaster Recovery funds were just released to address 2013 flood damage. WIRC will be submitting applications for Avon, Banner, Bardolph, Blandinsville, Bushnell, Bernadotte Township, Colchester, Dallas City, Good Hope, LaHarpe, Lewistown, Pontoosuc, Tennessee and Warsaw. There is no deadline but time is of the essence as projects need to be done by June 30, 2016, or until funding is exhausted. Staff sent notices to communities and engineers.
- RUS (Rural Utility Service) Rural Well Program application went in in April for the 2016 program. Funds remain in this year's program to do five more wells in the six county region.
- Public Transportation. A two year planning grant from IDOT of \$22,000 to study the establishment of a transit district was swept by the Governor. This will have an impact on our bottom line as it was built into our budget.
- The Economic Development District semi-annual progress report was submitted on time. The narrative is in the handouts.
- Nash and staff is working on the CEDS (Comprehensive Economic Development Strategy) review to be submitted at the end of July.
- Human Services Transportation in Regions 4 and 7. See written report.
- Nash introduced Nathan Cobb, Transit Director. He reported that both Hancock and McDonough County programs are doing well. June 30 is the end of the operating year and both programs are expected to come in under budget. There has been uncertainty with the budget starting July 1. The IDOT Secretary met with the Management and Budget Office and transportation funding was not reduced as there is no support for it in the General Assembly. It would take legislative action to take that money. It sounds like our programs will be able to proceed with full services this coming year. In our contingency plan, a budget of 55% and one of 65% were both prepared for consideration.

The capital projects' future is uncertain. Cameras were installed on busses. Funding for Macomb's application for nine new busses and 12 new bus shelters is on the chopping block. Downstate funding

was swept and it was promised that the \$1.1 billion would be replaced with Illinois Jobs Now funds, but there is only \$3 million available. IDOT has been asked to prioritize projects, so it is going to get political before it is over and we know what the outcome is.

Cobb asked if there were any questions? There were none.

- Nash referred the Boards to the written Tri-County recycling report for most details. She highlighted the news that a new five year intergovernmental agreement with the three county boards of McDonough, Mercer and Warren was approved unanimously.

**EDA RESOLUTION.** The resolution authorizing execution and amendment of our EDA grant contract was included in Board packets. Nash stated it is the same resolution wording as in past year, and it authorizes the agency to use \$53,000 in local match money from local funds (membership dues) to receive a grant amount of \$53,000. She asked the Boards to take a moment to look it over. This money allows WIRC to provide technical assistance to communities in our six counties at a lower cost. A motion by Gilbert and a second by Trotter were made to approve Nash signing the resolution. The motion was approved unanimously by roll call vote of the WIRC Board.

**MEMBERSHIP DUES REPORT/DISCUSSION.** Nash continued, presenting the WIRC Dues Report prepared by Elam, showing the history of dues charged and collected. The present charge of \$0.55 per capita has been in place since 2007. Dues allow WIRC to provide technical assistance to communities and counties at a lower cost. Since 1982, counties pay only for their unincorporated areas. The membership dues letters generally go out July 1, so this is a good time for discussion. Gilbert said he is a strong advocate of having small increases every other year. He suggested an increase of \$0.05. Henry suggested using the CPI for each of those years and round, and see if that is closer to \$0.60 or \$0.65. Nash was thinking of a \$0.03 increase. Gilbert added that he has never heard that units of government thought it was a waste of money to pay membership dues. A motion by Trotter to increase the dues to \$0.60 per capita was seconded by Inman. Discussion continued. Sperry said it would give the WIRC an additional \$5,800. Some counties and communities have already set their budgets for the year. Podhajsky asked why the 13 communities and counties don't pay? They historically haven't. Nash added that if they approach WIRC for services, they are asked to pay their dues first. Hensley liked the idea of raising it to 2 ½ cents now and 2 ½ cents next year so it wouldn't be such a big hit to counties and communities. Nightingale said we don't want to lose members over the increase. Henry suggested indexing dues with the CPI or inflation or some other measure. Trotter commented that we have not raised the rate like we should have and services cost money. Walker said it is a good value. Nash was asked her opinion and said she agrees with Hensley. She worries about the Governor sweeping funds that will affect our units of government as well as the agency.

A roll call vote of the WIRC Board was taken to the motion by Trotter of raising the dues to \$0.60 per capita starting this year, 2015. The motion passed with one opposition vote.

**VICTIM SERVICES REPORT.** Nash presented the written report prepared by Victim Services Director Diane Mayfield. The report contains information for the third quarters, July 2014-March 2015, and reflected the following highlights:

	<b><u>Domestic Violence</u></b>	<b><u>Sexual Assault</u></b>
Total new & ongoing clients	218	71
Counseling hours	353	342
Direct client service hours	1,659	193
Hotline calls	956	---
Shelter nights	19	---

Nash asked the Boards to refer to the written report for more information.

**ICADV RESOLUTION FOR ICADV APPLICATION.** Nash referred the CAA Board to the Board Authorization Form, authorizing the filing of a funding request to ICADV for VOCA funds of \$41,155 and \$4,323 and making Nash the authorized representative of the agency. This is a continuation of a grant request for funds the agency has received for many years and this resolution has been requested each year. Barnhill made a motion to approve the resolution; Castlebury seconded the motion. The motion was approved unanimously.

**OTHER BUSINESS.** The CAA Board will need to meet in July for its annual election of officers as well as the presentation of the 990 Form.

The WIRC Board will meet in August and then in December for its election of officers.

The CAA Board has three vacancies. Sue McCance and Cyd Robbins both retired from DHS and Lynne Haase resigned from the Henderson County Health Department. Nash will be looking for replacements.

**ADJOURNMENT.** As there was no other business and no public comments, the meeting was adjourned at 6:55 pm with a motion by Gilbert and a second by Lueck. The motion carried and the meeting declared adjourned.