ENCLOSURE 6

SWWDB – FINANCE COMMITTEE MEETING

March 29, 2006

MINUTES

4:00 to 5:00 p.m.

Mr. Finley, Chairperson

The SWWDB Finance Committee met on Wednesday, March 29, 2006 at The Platteville Golf and Country Club in Platteville, WI. Attendance was as follows:

Members Present:	Mr. Tom Schraeder	Mr. James Finley
	Ms. Judy Steinbicer	Ms. Tammie Engelke
Members Absent:	Ms. Shari Schaff	
Staff Present:	Ms. Annette Meudt	Ms. Stephanie Kerkenbush
Guests Present:	Mr. Scott Haumersen, Wegner LLP	

1. Presentation by Scott Haumersen, Wegner LLP

As part of the audit contract with Wegner LLP, the Southwest Wisconsin Workforce Development Board (SWWDB) – Finance Committee will have quarterly trainings. Mr. Scott Haumersen, CPA, of Wegner LLP, presented the first training in the series entitled "How to Read Nonprofit Financial Statements" (on file).

Mr. Haumersen stated that there are many different types of nonprofit organizations, and the financial statements for SWWDB are fairly easy to read. Since SWWDB does not receive any significant contributions, the internal financial statement may differ from an auditor's financial statement.

Mr. Haumersen reviewed SWWDB's financial statement and said that SWWDB's reserves are better than most he sees. In order to build this up, SWWDB has to receive money from an unrestricted resource. The penalty for over or under spending could be significant. In some respects, an unrestricted net asset is needed to balance out the difference in receivables and payables, or perhaps borrow from the line of credit.

Ms. Meudt stated that the funds held for future health benefits were earmarked for Ms. Roberta Early (former Executive Director) as part of a retirement plan approved by the Board, and each quarter it is reduced. Ms. Meudt also stated that the accrued vacation time is based on fiscal year vs. calendar year which is very beneficial. Mr. Haumersen stated that reporting the expenses by program is very useful in the nonprofit world, and he felt that SWWDB is running its' programs efficiently. Most nonprofits have approximately 15% management costs compared to 10% for SWWDB. Ms. Engelke asked what constitutes the other revenue received in 2005. Ms. Meudt stated that SWWDB sold locally developed software program called the Payment Authorization System (PAS) system to other workforce development boards (WDBs) which generated the majority of the unrestricted revenue.

The statement of cash flows is harder to understand and looks the same for a nonprofit as it does for profit. Mr. Haumersen pointed out the cash that was generated from operations. Ms. Meudt stated that SWWDB did close the WETAP fund and has transferred the program to

the Southwest Wisconsin Community Action Program. Because of this, SWWDB did end up with an overall decrease in cash. Maintaining cash flow is very important. If revenue doesn't come in fast enough or goes out too fast, it can be hard to balance. Mr. Haumersen stated that a line of credit is a good way to balance out cash flow; however it should never be used to finance deficits. Ms. Meudt stated that the only time SWWDB has utilized the line of credit is when it was waiting for the farm grant. Mr. Haumersen recommended being conservative and only spend up to the amount that is available so as to not spend money that simply is not there.

Ms. Meudt further stated that SWWDB cannot own a building or office because of grant restrictions. Mr. Schraeder inquired about SWWDB's current office space. Ms. Meudt stated that a lot of furniture in the new building was given to SWWDB and they will not be listed as assets because they are donated items.

Mr. Finley asked if Sarbanes-Oxley was a consideration. Mr. Haumersen stated that there are two items in Sarbanes-Oxley that non-profit organizations must be in compliance: the Whistle Blower Policy and a Document Destruction Policy which states that an organization is subject to punitive damages for document destruction. SWWDB has a policy on both. Mr. Haumersen stated that the next training in the quarterly series will be on Sarbanes-Oxley and how that law applies. Mr. Finely said this was very good information.

The committee discussed the vacant Finance Chair position. Mr. Schraeder moved and Ms. Engelke seconded a motion to make Mr. Finley the Chair of the Finance Committee. **Motion carried unanimously.**

2. Review of Line of Credit Policy No. C-350

In the case of a negative cash balance, Dr. Borremans and Ms. Meudt are recommending that the line of credit be accessed as per SWWDB Policy C-350. Ms. Meudt said that the State has improved their process in that cash draws are now electronic which prevents checks being lost in the mail. Mr. Finley asked if a motion was needed. Ms. Meudt stated no, it is only for review.

3. Review of Financial Statement for February 2006

Ms. Meudt stated that as of February 28, 2006 there is $117,000 in training dollars that are un-obligated. She added that these dollars may be carried forward in to the next fiscal year.

Employees have filled out universal health applications in an effort to find a better health insurance carrier. SWWDB is currently looking at going to a PPO plan, which will continue the practice of allowing employees freedom of choice in terms of providers. The current employees of SWWDB are a healthier group than in the past, and the renewal date is May 1, 2006.

Ms. Meudt reviewed the February 2006 Balance Sheet with Committee members. She pointed out that the Rock County Job Center rent is prepaid, and SWWDB received a credit for 2005. Ms. Meudt explained some of the liabilities that SWWDB is responsible for, including the liability account for the company car. She pointed out that as of February 28, 2006, there is $6,500.00 that is owed on the company car.

The rate for unemployment compensation increased from 3.65% in 2005 to 4.65% for 2006. Ms. Engelke asked if it was possible to pay in an additional amount, ultimately reducing the overall rating. Ms. Meudt stated that it was worth looking into. Ms. Engelke stated that she can send Ms. Meudt the 800 number from the seminar that she attended, and also stated that it is a complicated formula. Although there have been some lay offs at SWWDB, that percentage still seems high. Ms. Engelke further stated that 9.1% is the average for Wisconsin right now. Mr. Schraeder stated that the Hodan Center has a rate of 1%. Ms. Engelke asked about opting out to do self funding. Mr. Schraeder said that if the cash flow is tight, that would be a little risky. Ms. Meudt stated that SWWDB has had a bad experience with self-funded health insurance.

In reviewing the Summary February 2006 Financial Statement (Enclosure 4), Ms. Meudt stated that there is still a lot of money that has not been obligated. As of February 28, 2006, SWWDB still has $67,000 in dislocated worker training dollars that remains unobligated. The low number of dislocations has helped. The WIA allocations are under spent by about 10%, and that could be because of the turnover in staff. Ms. Meudt stated that SWWDB has no idea what the allocations will be for next year. Ms. Steinbicer asked if there was a limit on the carryover money. Ms. Meudt stated that there is a 20% maximum and it must be used within a two-year period. The carryover does not affect the allocation for the next year.

SWWDB engaged services with Wegner LLP, a firm that reviews phone bills. The outcome was that SWWDB's phone bills should have been paid under a state contract, and SWWDB received a $12,000 rebate for overcharges.

Ms. Meudt pointed out that personnel leasing has decreased $46,000 due to losing two employees. Ms. Engelke asked if the leased employees go into the unemployment insurance rate. Ms. Meudt stated yes, and SWWDB builds into contracts the 4.65% whether it is incurred or not.

Ms. Steinbicer moved and Ms. Engelke seconded a motion to approve the February 2006 Financial Report. **Motion carried unanimously.**

4. Other Business

None.

5. Adjournment

Ms. Engelke moved and Mr. Schraeder seconded a motion to adjourn the meeting. **Meeting adjourned at 5:10 p.m.**