**Employ Milwaukee Board of Directors**

**PERSONNEL, FINANCE & AUDIT COMMITTEE**

**May 27th, 2021 – 8:30 a.m.**

**Employ Milwaukee• 2342 N. 27th Street • Milwaukee, WI 53210**

**MINUTES**

**Members Present:** John Kissinger (Chair), Chytania Brown, Molly Gena, Alan Perlstein, Karen Spindler

**Members Absent:** Jon Mariano

**Staff Present**: Lowell Raven, Sharlie McCain and Eileen McMahon

**Guests Present:**  None

**Chair John Kissinger called the meeting to order at 8:34 a.m.**

1. **Welcome**

Chair John Kissinger welcomed committee members.

1. **Approval of Minutes from February 25th, 2021 and Special Meeting March 29th, 2021**

Personnel, Finance & Audit Committee members briefly reviewed and discussed both the February 25th, 2021 and March 29th, 2021 meeting minutes.

*Alan Perlstein motioned for approval of February 25th, 2021 and March 29th, 2021 meeting minutes as circulated; Molly Gena seconded; minutes were approved unanimously.*

1. **Financial Updates:**

*Packet information – EMI Handbook and PTO memo sent to committee via email May 14th and May 18th, Mgmt. Report to Leadership Team Financial Statement Notes as of March 31, 2021, EMI Comparative Statement of Financial Position as of March 31, 2021, EMI Comparative Statement of Activities as of March 31, 2021, EMI Financial Ratio comparison, FY22 Budget Narrative & Fund Development Report, EMI FY22 Budget Comparative FY22 vs. FY21 Budget by Funding Source and EMI Budget Cost Comparison FY 22 v FY21*

1. **Review and approval of EMI Handbook (approval)**

Sharlie McCain, HR consultant with MRA, presented the EMI handbook changes that were emailed to committee on May 14, 2021. Ms. McCain, went over items added and updated and here are some important but not all-encompassing changes to the EMI Handbook:

**Additions:**

* Vacation update exempt minimum is ½ vs. hourly
* No call/No show language
* Visitor protocol
* Workplace violence protocol
* Pandemic language
* Workplace bullying
* Harassment statement Bereavement leave policy updated to include adoptive child
* New 30, 60, 90-day orientation, training and review period
* Performance Management changed to all employees same annual review date.

**Updates:**

* EMI overtime and social media policies
* Confidentiality statement and annual form signature
* Disability/religious accommodations
* Parking/Auto damage
* Reasonable suspicion checklist for managers
* Inspections and searches
* Nursing mother’s information
* FMLA policy
* Background investigation

**Items still being discussed for modification:**

* PTO policy – one bucket or separate. Vacation can only carryover 40 hours
* Reference and documentation tool for discipline
* Work from home permanent policy

Ms. McCain is recommending EMI Handbook be reviewed every 24 months minimally. Ms. Spindler remarked the handbook was very comprehensive and well done and appreciates that pandemic language was included. Ms. Brown stated language will be added regarding 40 hours of vacation rollover, all sick can be rollover, personal days are lost if not used in program year.

*Alan Perlstein motioned for approval of revised EMI Employee Handbook with changes discussed; Karen Spindler seconded; approved unanimously.*

1. **Quarterly Financial Statements**

Lowell Raven, CFO, presented the financial statements and informed members YTD financials are positive due in part to sale of building on February 5, 2021. Cumulative net asset position is $1.526 million. There is a significant positive impact in cash because of the sale of the building and the net sale proceeds of $1.2 million. A new money market account was opened at PNC bank whereby the net building sale proceeds were deposited and are now reflected on the Statement of Financial Position. In addition, there is a significant decrease in agency debt of $1.926M through the pay-off of the mortgage and the line of credit. In addition, there was a significant decrease in net fixed assets due to the sale of the building. Lastly, there was a significant decrease In both accounts receivable and accounts payable due to Employ Milwaukee being paid from Milwaukee County for the Community Resource Navigator (CRN) program and Employ Milwaukee’s subsequent payment to the sub-contractor on this program. Lowell noted that the Statement of Activities has been broken out between operational or nonoperational revenue. A question was asked if the agency is operating at a good pace? Lowell replied that the agency had an operating surplus of $275K as of March 31, 2021, and an overall surplus of $2.21M when factoring in the net proceeds from the sale of the building, thus the agency was at a good place. A question was asked if EMI still has consultants? Lowell replied that the fiscal compliance consultant has completed her assignment and that the HR consultant is in the process of winding down her assignment after the hiring of the HR manager in January 2021. Lowell also reported the IT consultant was in the process of winding down his assignment as EMI transitions that role to full-time employment. Mr. Perlstein complimented staff for great turnaround on financial position.

1. **Presentation and Discussion of FY22 Budget**

FY22 proposed budget reflects $17 million of budgeted revenue and expense which, includes projected contract funding of $14.5M and $2.5M of projected fund development revenue. Lowell noted that EMI had three large DOL grants sunset for a decrease of $2.4M; however, Ms. Brown informed members that pending awards (including DOL) amount to over $5M. Lowell also noted that the Milwaukee County CRN contract of $3.8 million was awarded after the FY21 budget was approved and was fully expended in FY21, therefore it was not included in the FY22 budget. Lowell reviewed all the major sources of contractual revenue including those from the State of Wisconsin, City of Milwaukee including CDBG grants, County of Milwaukee, Federal Government, and other projected sources of revenue. Lowell reviewed the budget comparison of costs categories and noted that the $17M of costs were presented in 3 cost categories, direct program costs for contractual and participants are budgeted at $9.9M, direct program costs of EMI staff are budgeted at $5M, and EMI indirect administrative costs are budgeted at $1.1M. Lowell noted that the percentages for these 3 categories were comparable between FY22 and FY21. Lowell noted that like FY21, there were contingency costs of $1M included in the FY22 budget and that these represented unexpected costs that cannot be foreseen when preparing the FY22 budgeted and were included to account for uncertainty and allow for EMI to be able to better manage the FY22 budget. Lowell answered all questions that were raised associated with the FY22 budget. Chair Kissinger was happy with the $2.5 million fund development goal and requested a motion for approval of FY22/PY21 budget.

*Alan Perlstein motioned for approval of FY22/PY21 budget; Molly Gena seconded; approved unanimously.*

1. **Putting FY21 Audit Out to Bid**

This committee had previously requested that the audit and tax services be put out to bid after completion of FY20, which occurred at the end of March 2021. EMI staff put those services out to bid through and RFP and requested submissions to be returned to EMI by 5/31/21. The 4 authorized CPA firms per the Wisconsin Workforce Boards approved audit vendor master list for years beginning after 7/1/19 are Clifton Larson Allen LLP, Reilly Penner & Benton LLP, Wegner CPA’s LLP, and WIPFLI LLP. Mr. Raven stated that once responses are submitted, he plans to review with Ms. Brown for next steps. Question was asked how many years have WIPFLI been EMI auditors? Response was three years and Wegner prior to them for ten years.

**Next steps –** Lowell f will consult with Ms. Brown, and then send out replies that were received by EMI to the audit and tax RFP to committee members along with a recommendation letter.

1. **Audit and Tax Filings**

Mr. Raven reported that FY20 audit was issued on March 29th, 2021, and the data collection form along with the FY20 audited financial statements were filed and accepted by the Federal Audit Clearinghouse on March 30, 2021, which was ahead of the March 31, 2021, deadline. FY20 990s were prepared, completed, submitted and accepted by the IRS on May 14, 2021, ahead of the May 17, 2021, deadline. The State of Wisconsin version of 990 were completed and mailed to the Wisconsin Department of Financial Institutions ahead of the June 30, 2021, deadline.

1. **Status of PPP Loan Forgiveness**

Lowell reported that he will be working on the PPP Loan Forgiveness application and submit ahead of the August 17, 2021, deadline.

1. **Personnel Status Report**

Packet Information – EMI New Hire and Termination Report July 1, 2020 – April 30, 2021

Currently looking for a senior accountant to replace an employee who resigned in January 2021. Ms. Brown added that two of the current openings are related to CHC and not our staff. Chair Kissinger asked for this report to be printed in portrait to prevent issues he’s been having.

**Next steps –** Mr. Raven will convert this report to portrait for next meeting and may have to shrink size.

1. **Fund Development Report**

Packet Information – EMI Fund Development Report July 1, 2020 – May 21, 2021

Ms. Brown reported $9.4M in grants pending from DOL. EMI’s $1M fund development goal set in FY21 budget was exceeded therefore we increased the fund development goal to $2.5M for FY22 budget. Kohls approved an additional $250k grant for this year since partnership is going extremely well. Kohls is also contributing an additional $10K for fund development and this is unrestricted. America Rescue Plan (ARP) guidance just came out. ARP funds of $25M going to City of Milwaukee and earmarking $5M for EARN & LEARN, but no guarantees. The remaining $20M will be in five focus areas and Compete Milwaukee should be able to be funded under one of these areas. Senator Tammy Baldwin is partnering with the water department who will have many openings due to retirement and funding will help with training individuals for these roles.

1. **Other Items**

No further discussion.

**Chair Kissinger adjourned meeting at 9:59 a.m.**

**Next Meeting:** August 26th, at 8:30 a.m.