City of WHITEWATER	Community Development Authority Agenda Item
Meeting Date:	March 16, 2023
Agenda Item:	Loan Program Write-offs – Provision for Doubtful Accounts

Staff Contact (name, email, phone): | Steve Hatton, shatton@whitewater-wi.gov, 262-473-1380

#### **BACKGROUND**

(Enter the who, what when, where, why)

CDA Program Fund #910 includes several loan accounts that are less than likely to be fully recovered. Two actions are being taken as we close out or 2022 Financials:

1. Loan Write-offs: We established reserves in the past to mark the loan carrying value to market. The reserve is not sufficient to fully cover the non-collectable loans. An additional provision of 100,332.80 is necessary to fully write-off Meeper, Inc.. Recovery options were explored and deemed non-recoverable by the CDA. The following loan and loan reserves will now be written off:

Borrower	Program / Account	Account	<u>Amount</u>
Meeper, Inc.	Action Fund Loan	910-13504	(\$81,791.63)
1	Action Fund Loan	910-13032	(\$71,814.49)
	Action Loan Loss Reserve	910-13999	\$53,273.32
	Capital Catalyst Loan	910-15004	\$102,000.00

2. Provision for Loan Loss: The following reserves are being established to mark loan carrying value to market:

Borrower	Program / Account	Account #	Amount
Meeper, Inc.	Provision for Action Loan Loss	910-56500-415	(\$100,332.80)
	Provision for Catalyst Loan Loss	910-56500-417	(\$102,000.00)

## PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

## FINANCIAL IMPACT (If none, state N/A)

1. Write-off: Applies Reserve to Asset. No impact to fund balance or operating statement.

2. Provision for Loan Loss: Writes-down asset value. Will appear as loan loss expenditure in 2022 and will deplete fund balance.

	STAFF RECOMMENDATION	
N/A, Informational		
	ATTACHMENT(S) INCLUDED	
	(If none, state N/A)	

Portfolio Summary

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ENTRY WAS MANDATORY FROM AUDITOK

JE ASKED IF WE WERE TAKING THEIR WORD FOR
IT OF IF WE HAD PAPERWORK, STOVE ONLY SAID
WE PURSUED IT, BY WHAT MEANS I DON'T
ENOW.



# Community Development Authority Board of Directors Meeting MINUTES

## Thursday, March 16, 2023

## 1) Administrative Items.

- a) Call to Order: Vice Chair Allen called the meeting to order at 5:34 p.m.
- **b)** Roll Call: Jim Allen, Lisa Dawsey-Smith, Joe Kromholz, Jon Kachel; ABSENT: Jason Gleason, Patrick Singer. STAFF: John Weidl (City Manager), Steve Hatton (Finance Director), Brad Marquardt (Public Works Director), Wally McDonell (City Attorney), Bonnie Miller (CDA Administrative Assistant); OTHER: Kristen Fish-Peterson (Redevelopment Resources).
- c) <u>Declaration of Conflict of Interest</u>: Would any member(s) of the Board wish to declare any known conflict of interest with the items presented on today's CDA Board Agenda? None.
- d) <u>Hearing of Citizen Comments</u>: No formal CDA Action will be taken during this meeting although issues raised may become a part of a future agenda. Items on the agenda may not be discussed at this time. None.
- 2) Approval of Minutes: Moved by Dawsey-Smith to approve the Minutes of the February 16, 2023 CDA Board Meeting; seconded by Kromholz. AYES: All by voice vote (4); NOES: None; ABSENT: Gleason, Singer. Motion passed.
  - a) Review and Acknowledge Financial Statements: Hatton stated that as we are closing out fiscal year 2022, this is the first the Board was receiving January and February financials for Funds 900 and 910. Hatton further stated that there was nothing noteworthy to call out. Moved by Dawsey-Smith to acknowledge the Financial Statements for Periods Ending January 31, 2023 and February 28, 2023; seconded by Kachel. AYES: All by voice vote (4); NOES: None; ABSENT: Singer, Gleason. Motion passed.

## 3) Action Item:

a) CDA Loan Programs – Establishment of 2022 Loan Loss Reserves: Hatton stated that no action would be required for this item and provided an update documenting the status of Liz Eversoll's three Meeper loans. Eversoll has reported that Meeper has gone from a viable entity in 2021 to a non-viable entity in 2022. For accounting purposes, we are deeming those to be unrecoverable and are applying the write-offs as they already exist on the balance sheet and establishing reserves where they were not sufficient to satisfy all three of the Meeper loans on the books. Kromholz asked for clarification. Hatton referred to the memorandum included in the agenda packet which stated that Meeper had lost a significant order in their distribution channel and were ceasing operations. Hatton stated that we will continue to pursue recovery but can no longer carry them on the balance sheet. No action was taken.

### 4) Updates and Discussion:

a) Presentation and update by City Attorney concerning conflict of interest regulations and policies: City Attorney McDonell provided a summary of regulations concerning conflicts of interest and perceived conflicts of interest. McDonell stated that the initial test is common sense. McDonell summarized policies covering receipt of gifts and participation in an action regarding an organization you are affiliated with or have a financial interest in. Weidl requested clarification of the definition of "member of an organization" as opposed to a "subscriber of an

249-52270-125	ON CALL/POP/STIPEND BENEFITS	· · · · · · · · · · · · · · · · · · ·	2,403.87
Total		350,924.24	350,924.24
Adjusting Journal E	entries JE # 1006		
	ice and deferred revenue for Fire/EMS fund		
249-13999	Allowance for Doubtful Accounts	0,008,8	
249-25500	Deferred Revenue	19,000,00	27,800.00
249-48507-52	RESCUE CALL REVENUE	27,800.00	27,800.00
Total		21,000.00	21/200/00
Adjusting Journal E to reclass GASB 68	intries JE # 1007		
900-19999	GASB 68-PENSION CLEARING ACCT	10,378 68	
900-34300	PROPRIETARY CAPITAL		10,378 68
Total		10,378.66	10,378.68
Adjusting Journal E			
	nt portion of EMS Flex Grant to deferred revenue	21,263.75	
210-48400-52	GRANT INCOME	21,200.70	21,263,75
210-26101 Total	Deferred revenue	21,263.75	21,263.75
i Duaj			
Adjusting Journal E CLIENT ENTRY: To r	intries JE # 9001 reclassify cash activity in Water and Sewer utilities		
610-13122	CASH-OFFSET	24,141.72	
620-11151	CASH-OPERATING FUND	25,763,70	
610-13121	CASH-OPERATING FUND		24,141,72
620-11152	CASH-OFFSET	49,905.42	25,763.70 49,905.42
Total		49,905,42	45,503.42
Adjusting Journal E	intries JE # 9002 record the in default meeper loans as loan reserve,		
910-56500-415	CDBG LOAN-LOAN LOSS ALLOWANCE	100,332.80	
910-56500-417	CAP CAT-LOAN LOSS ALLOWANCE	102,000.00	
910-13999	ACTION LOAN-LOAN LOSS RESERVE		100,332,80
910-15999	CAP CAT-LOAN LOSS RESERVE	202,332.80	102,000.00
Total		202,332,60	202,332.00
Adjusting Journal E	intries JE#9003 reverse 2015-2016 AR that were never reversed.		
235-51350-295	RIDE SHARE-CITY COST	11,855,00	
235-14200	DUE FROM STATE		11,855 00
Total		11,855.00	11,855.00
Adjusting Journal E	intries JE # 9004 reverse entry recorded twice in Fund 450		
450-43540-57	CONSTRUCTION REIMBURSEMENT	91,666,66	
450-26300	DEFERRED REVENUE		91,666,66
Total		91,656.66	91,666.66
Adjusting Journal E	intries JE # 9005		
client entry to adjust t			
100-48700-00	WATER UTILITY TAXES	5,058.00	
610-24530	DUE TO GENERAL FUND	5,058,00	5,058.00
100-15601	DUE FROM FD 610 WATER UTILITY		5,058.00
610-61930-590 Total	TAXES	10,116.00	10,116.00
	Total Adjusting Journal Entries	2,648.925.61	2,648,925.61
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	Total All Journal Entries	2,648,925,61	2,648,925.61

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Engagement: 2022 AUDIT - Whitewater Period Ending 12/31/2022 Trial Balance TB Workpaper: Combined Journal Entries Report Account Description W/P Ref Debit Credit **Adjusting Journal Entries** Adjusting Journal Entries JE # 1001
To reclassify 2022 GO Bonds underwriter's discounts to expenditure 210-52200-670 BOND ISSUE EXPENSES 19,259,93 412-57660-214 FINANCIAL/BONDING SERVICES 3,707,31 450-57500-670 BOND ISSUE EXPENSES 52.354.45 630-63440-670 BOND ISSUE EXPENSES 17,451,48 210-49292-52 PREMIUM ON DEBT 19.259.93 412-48100-57 INTEREST INCOME 3,707.31 450-49122-57 PREMIUM ON DEBT 52,354,45 630-29000 PREMIUM ON DEBT 16,579.28 630-42213-63 MISC INCOME 872 20 92,773.17 92,773,17 Adjusting Journal Entries JE # 1002 To adjust water and sewer utility accrued interest expense to actual 610-23700 ACCRUED INTEREST PAYABLE 35 567 84 620-21010 ACCRUED INTEREST PAYABLE 27,531,76 610-61950-620 INTEREST ON DEBT 35,567,84 620-62810-620 INTEREST ON DEBT 27,531,76 Total 63,099.60 63,099.60 Adjusting Journal Entries JE # 1003 BB1-02 To adjust GASB 68 WRS activity 610-19000 GASB 68-WRS NET PENSION ASSETS 37,490.00 610-19021 GASB 68-WRS DOR 120,097.00 610-19999 GASB 68-PENSION CLEARING ACCT 87.950.00 620-19000 GASB 68-WRS NET PENSION ASSETS 22,611.00 620-19021 GASB 68-WRS DOR 109,237,00 620-19999 GASB 68-PENSION CLEARING ACCT 104,499,00 630-19000 GASB 68-WRS NET PENSION ASSETS 18,969,00 630-19021 GASB 68-WRS DOR 56.429.00 630-19999 GASB 68-PENSION OF FARING ACCT. 39,106.00 900-19999 GASB 68-PENSION CLEARING ACCT 3,479.00 900-29011 GASB 68-WRS DIR 23,970.00 610-19999 GASB 68-PENSION CLEARING ACCT 43,759.00 610-29011 GASB 68-WRS DIR 113,828.00 610-39160 UNAPPROP EARNED SURPLUS 87.950.00 620-19999 GASB 68-PENSION CLEARING ACCT 43,127.00 620-29011 GASB 68-WRS DIR 88,721.00 620-34300 SURPLUS/FUND BALANCE 104,499.00 630-19999 GASB 68-PENSION CLEARING ACCT 20,170.00 630-29011 GASB 68-WRS DIR 55 228 00 630-39160 SURPLUS/FUND BALANCE 39,106.00 900-19000 GASB 68-WRS NET PENSION ASSETS 12,098,00 900-19021 GASB 68-WRS DOR 15,351.00 623,837,00 623,837,00 Adjusting Journal Entries JE # 1004 To record GASB 87 Lease activities 610-17100 INTEREST RECEIVABLE 726,75 610-19100 ST Lease Receivable 25.404.32 610-19200 LT Lease Receivable 8.020.01 610-47460-61 OTR REV/TOWER/SERVICE 26,530.03 920-17100 Interest Receivable 2,880.77 920-19100 ST Lease Receivable 133,032.08 920-19200 LT Lease Receivable 731,199,33 920-48631-56 RENT-CESA #2 87.000.00 920-48636-56 RENT-I-BUTTON 44,700.00 920-48683-56 RENT-PAQUETTE CENTER 33,480.00 610-29500 DIR - Leases 38,833,42 610-47420-61 Interest Revenue - Leases 1,835,65 610-47489-61 Lease Revenue 20.012.04 920-29500 DIR - Leases 847.398.73 920-48490-56 Interest Revenue - Leases 36,929,61 920-48900-56 Lease Revenue 147,963,84 Total 1.092.973.29 1,092,973.29 Adjusting Journal Entries JE # 1005 To adjust the beginning fund 249 transfer. 249-48507-52 RESCUE CALL REVENUE 350,924.24 249-13999 Allowance for Doubtful Accounts 126,300,00 249-25500 Deferred Revenue 125,800,00 249-49500-52 Special Item - Beginning Fund Transfer In 96.420.37

Client:

WHITEWATER - City of Whitewater