

	<h2>Community Development Authority Agenda Item</h2>
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:

<u>Borrower</u>	<u>Program / Account</u>	<u>Account</u>	<u>Amount</u>
Meeper, Inc.	Action Fund Loan	910-13504	(\$81,791.63)
	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:

<u>Borrower</u>	<u>Program / Account</u>	<u>Account #</u>	<u>Amount</u>
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

IS THERE A LOAN WRITE OFF
LETTER?

ENTRY WAS MANDATORLY FROM AUDITOR

JOE ASKED IF WE WERE TAKING THEIR WORD FOR
IT OR IF WE HAD PAPERWORK. STEVE ONLY SAID
WE PURSUED IT, BY WHAT MEANS I DONT
KNOW.



**City of
WHITEWATER**
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) **Declaration of Conflict of Interest:** 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) **Hearing of Citizen Comments:** 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 Entries JE # 1006			
To adjust the allowance and deferred revenue for Fire/EMS fund.			
249-13999	Allowance for Doubtful Accounts	8,800.00	
249-25500	Deferred Revenue	19,000.00	
249-48507-52	RESCUE CALL REVENUE		27,800.00
Total		27,800.00	27,800.00
Adjusting Journal Entries JE # 1007			
to reclass GASB 68			
900-19999	GASB 68-PENSION CLEARING ACCT	10,378.68	
900-34300	PROPRIETARY CAPITAL		10,378.68
Total		10,378.68	10,378.68
Adjusting Journal Entries JE # 1008			
To record the unspent portion of EMS Flex Grant to deferred revenue.			
210-48400-52	GRANT INCOME	21,263.75	
210-26101	Deferred revenue		21,263.75
Total		21,263.75	21,263.75
Adjusting Journal Entries JE # 9001			
CLIENT ENTRY: To 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		25,763.70
Total		49,905.42	49,905.42
Adjusting Journal Entries JE # 9002			
CLIENT ENTRY: To 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		102,000.00
Total		202,332.80	202,332.80
Adjusting Journal Entries JE # 9003			
CLIENT ENTRY: To 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 Entries JE # 9004			
CLIENT ENTRY: To reverse entry recorded twice in Fund 450			
450-43540-57	CONSTRUCTION REIMBURSEMENT	91,666.66	
450-26300	DEFERRED REVENUE		91,666.66
Total		91,666.66	91,666.66
Adjusting Journal Entries JE # 9005			
client entry to adjust tax equivalent			
100-48700-00	WATER UTILITY TAXES	5,058.00	
610-24530	DUE TO GENERAL FUND	5,058.00	
100-15601	DUE FROM FD 610 WATER UTILITY		5,058.00
610-61930-590	TAXES		5,058.00
Total		10,116.00	10,116.00
Total Adjusting Journal Entries		2,648,925.61	2,648,925.61
Total All Journal Entries		2,648,925.61	2,648,925.61

Client: **WHITEWATER - City of Whitewater**
 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
Total			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				
To adjust GASB 68 WRS activity				
610-19000	GASB 68-WRS NET PENSION ASSETS	BB1-02	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 CLEARING 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			12,099.00
900-19021	GASB 68-WRS DOR			15,351.00
Total			623,637.00	623,637.00
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		2,860.77	
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			1,092,873.29	1,082,973.29
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