



FINANCE & AUDIT COMMITTEE MEETING MINUTES

Monday, December 16, 2013, 4 p.m.

15506 County Line Road, Suite 103

Spring Hill, FL 34610

Committee Members Present: Pat McHugh, Chair; Jim Cook, Cathy Dofka, Gus Guadagnino, Dr. Steve Knobl

Committee Members Excused: None

Committee Members Present via Phone: None

Coalition Staff Present: Danielle Berche, Pam Dudek, Jim Farrelly, Jak Jakubauskas

Others Present: None

I. Welcome and Call to Order – Mr. Pat McHugh

Mr. McHugh called the Finance and Audit Committee to order at 4:05 p.m. and welcomed Committee members.

II. Review and Adoption of Draft Minutes from Finance/Audit Committee Meeting of October 21, 2013

Mr. McHugh requested a motion to approve the minutes from the October 21, 2013 meeting. Dr. Knobl so moved and Mr. Cook seconded the motion. All were in favor with no abstentions and the motion carried.

III. Review, October/November 2013 Financial Statements

Ms. Berche began with the October Financial Memo explaining the Coalition's spending rate was 33.36%. Administration spending was at 2.73% for the month and 3.03% for the year. Non-Direct spending was at 6.25%; Quality at 5.44% and Direct Services at 85.58% with a total YTD of 85.86%.

She reported that the VPK Administration rate was at 1.97% and 4.47% for YTD with Direct Services at 98.03% for the month. She explained the VPK administrative expense is higher during the first few months of the school year, but will even out as the program year continues.

Ms. Berche informed the Committee that School Readiness Direct Services is showing a surplus of funds for both Pasco and Hernando Counties and will be discussed in greater detail shortly.

She continued with November's Financial Memo explaining that the Coalition's spending rate was 41.15%. Administration spending was at 4.20% for the month and 3.25% for the year. Non-Direct spending is at 5.67%; Quality is at 5.33% and Direct

Services at 84.80% with a total YTD of 85.66%. Ms. Berche explained the increase in Administration spending was due to the number of staff hours allocated to Administration during a recent staff meeting.

She reported that the VPK Administration rate was at 2.81% and 4.09% for YTD with Direct Services at 97.19% for the month and 95.91% for the year.

Ms. Berche explained the Coalition utilizes and projects a 6% enrollment decrease due to turnover in the forecast model and based on this figure, a year-end surplus of \$1.7 million is being forecast.

The Committee reviewed the School Readiness graph and the VPK Utilization Report which shows a total of 4,784 children receiving services. December's report will have up-to-date VPK numbers as the schools will be submitting their attendance rosters prior to the holiday break.

IV. Forecasting Model for SR Direct Services Spending

Mr. Farrelly explained the forecast model is predicting a \$1.7 million surplus or 15% of the total budget. He reminded the Committee that the Early Learning Coalition of Pinellas County lapsed \$2.4 million as they had no forecast model. The Coalition currently has a zero wait list and children are being placed immediately. He explained that an ad campaign will begin on January 1, 2014 announcing that walk-in service is available.

Mr. Farrelly explained that the 6% turnover is high due to the 90-day re-determination policy. This policy helps to ensure that families are still eligible for services, but children could be in service for three (3) months, become disqualified and go back on the wait list. This greatly decreases continuity of care for children. Mr. Farrelly explained that he will be requesting the Program Committee to review the re-determination time span.

The Coalition will also be reviewing provider pay rates as there have been no increases in seventeen (17) years. Mr. Farrelly explained that almost every Coalition has enacted a pay increase for their providers. However, a pay increase could result in fewer children being served in the future. A brief discussion followed on provider raises.

Mr. Farrelly reported the surplus does give the Coalition other options such as purchasing a mobile outreach classroom as the Coalition's grant proposal for this community project was not selected by Leadership Pasco. Another alternative would be discussing staff salaries as there have been no increases over the last 4-5 years. The Board may want to consider this option instead of incentives.

Mr. Farrelly explained that any unspent funds must be returned to the state. He explained that all tiers of the wait list are open and the Coalition is also serving older children that are within the state's age range. The Committee briefly discussed the

possibility of having a 6-month re-determination which would allow children to remain in services longer.

V. Update, FY 2012 Audit

Mr. Farrelly explained that the \$310,000 finding to the state has been validated as the state could not prove that the Coalition owed these funds. He explained the FY 2012 audit had been completed by the Williams, McCranie, Wardlow and Cash firm who were in their fifth year as auditors and who reported four (4) findings on their last audit. The two (2) main findings were the \$310,000 to the state and a Sunshine Law violation. The Inspector General has validated the Coalition from both findings. The one finding of consequence was the Coalition did not meet the required match.

A brief discussion followed on the findings of the previous audit firm, any future consequences and the work of the new accounting firm, Eric Fontana, CPA on the FY 2013 audit.

VI. Schedule, Next Meeting Date on Tuesday, January 21, 2014 at 4:00 p.m.

The next Finance/Audit Committee meeting was scheduled for Tuesday, January 21, 2014 at 4:00 p.m.

VII. Public Input

None.

VIII. Adjournment

Mr. McHugh adjourned the Finance/Audit Committee meeting at 4:41 p.m. with no further discussion.

Respectfully submitted by,

Ramute Jakubauskas
Administrative Assistant