



**FINANCE & AUDIT COMMITTEE MEETING MINUTES**  
**Monday, August 18, 2014, 4 p.m.**  
**15506 County Line Road, Suite 103**  
**Spring Hill, FL 34610**

**Committee Members Present: Pat McHugh, Chair; Dr. Amy Anderson, Jim Cook, Gus Guadagnino**

**Committee Members Present via Phone: Cathy Dofka**

**Committee Members Excused: None**

**Committee Members Unexcused: None**

**Coalition Staff Present: Jim Farrelly, Rachel Hardy, Jak Jakubauskas, Betsy Kier**

**Others Present: None**

**I. Welcome and Call to Order**

Mr. McHugh called the Finance/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 July 21, 2014**

Mr. McHugh requested a motion to approve the minutes of the July 21, 2014 Finance/Audit Committee meeting as presented. Mr. Cook stated he had an amendment to the third paragraph of Section V. Mr. Cook explained the record should show that he questioned the validity of increasing the 403B plan from 3% to 5% as no one he knows in the corporate world offers 5%. He stated this is the reason why he did not make a motion to approve or would not second a motion to approve the operating budget, because of the increase to 5%.

Mr. Cook also noted that 14% of the population has some form of 401K and the Federal Reserve states that 31% of households in the United States have some type of retirement plan.

Mr. McHugh stated if there were no other changes to the minutes he would request a motion to adopt the minutes for the July 21, 2014 meeting with the changes noted. Mr. Guadagnino so moved and Dr. Anderson seconded the motion. All were in favor with no abstentions and the motion carried.

**III. Review, July 2014 Financial Statements**

Ms. Hardy reported that spending for Direct Services was at 8.78%; Administration spending was at 4.18%; Non-Direct at 8.29%; Quality at 6.51% and Direct at 81.03%. She explained that the Coalition has raised a total to date of \$39.88 toward Match.

Ms. Hardy then referred the Committee to the School Readiness Utilization Report and explained the report is projecting a surplus of \$44,092.88, but this figure is based on July's enrollment, which is extremely low.

Mr. Farrelly explained that last year's direct budget was exceeded because too much money was spent on children. He reported that the wait list had remained closed from April through July 31<sup>st</sup> to income eligible children, but the Coalition was mandated to enroll nearly 900 Protective Services (PS) and Temporary Aid to Needy Families (TANF) children in the same time frame. He explained these numbers continue at 200-250 enrollments per month and the Board can decide on whether or not to accept PS children as the waitlist is approaching 1,000 children.

Mr. Farrelly inquired if the \$44,000 should be used to enroll approximately fifteen (15) children from the wait list or wait and see if PS and TANF children continue to have services mandated. Mr. Farrelly stated he recommends keeping the wait list closed for another month and will wait to hear the results of the special Ad Hoc Committee which is being formed to investigate the surge in mandated enrollments.

A brief discussion followed on the budget surplus and Mr. Farrelly explained the 6% attrition rate is currently removed from the projection formula. Another discussion followed on how some clients are attempting to circumvent the system by contacting their local legislators. Mr. Farrelly remarked that a system needs to be developed to tighten the way families obtain aid through TANF. An example was cited where a data entry clerk at a lead agency told the client to speak to her employer and request them to hold her job, then to apply for cash assistance as being unemployed, she would then obtain child care and be able to go back to work.

Ms. Kier explained that PS clients may legally be placed on the wait list. However, they would still take priority over income eligible clients when the wait list reopens.

The Committee recommended not to open the wait list at this time.

A brief discussion followed on how providers are coping with the increased number of mandated clients. Mr. Farrelly explained that some providers have stopped accepting School Readiness clients altogether with at least three (3) providers opting out over the past month.

Dr. Anderson inquired how Head Start and Early Head Start are funded. Mr. Farrelly explained they receive federal funds not state funds. Ms. Kier further explained some of the criteria needed to enroll into a Head Start program.

Mr. Farrelly explained the Coalition's Resource and Referral system is available to all parents even waitlisted parents. Parents may even barter services with some providers to obtain child care, but the majority of parents will not pursue this option.

Ms. Hardy reported that the VPK Administration spending rate is high for July, at 17.68% due to the low number of children enrolled.

**IV. Forecasting for SR Direct Services Spending**

Ms. Hardy explained that she had met with Ms. Kier and Mr. McHugh to discuss elements of a forecasting model. A suggestion was made to dig deeper into spending variables. She explained that co-pays are different for each family and school age children have different rates.

Mr. McHugh explained that Ms. Hardy has been asked to look at the budget of March 2013 as a base and compare it to March 2014. Ms. Hardy will determine what, if any, subtle factors are driving costs.

Mr. Farrelly explained that prior to mandated enrollments, the 6% attrition rate for income eligible children was a viable factor in the Coalition's budget calculations. He explained that a number of other Coalitions had already experienced an increase in mandated enrollments much earlier in the year.

A discussion followed on the number of mandated children and which agencies are referring them. Ms. Kier explained that OEL is in the process of compiling information on how many other Coalitions are experiencing increased numbers. She will be in contact with OEL and will request information to present at the next meeting as well as the Ad Hoc Committee meeting. The Ad Hoc Committee will be meeting prior to the September Board meeting in order to discuss the topic and gather more information.

**V. Schedule, Next Meeting Date on Monday, September 15, 2014 at 4:00 p.m.**

The next Finance/Audit Committee meeting is scheduled for Monday, September 15, 2014 at 4:00 p.m. Mr. McHugh stated this date may be an issue and the meeting may have to be rescheduled.

**VI. Public Input**

None.

**VII. Adjournment**

Mr. McHugh adjourned the Finance/Audit Committee meeting at 4:40 p.m. with no further discussion.

Respectfully submitted by,

Ramute "Jak" Jakubauskas  
Administrative Assistant